2019 Multifamily Uniform Application
2019 Multifamily Uniform Application Certification

Development Name: Churchill at Golden Triangle Community

The undersigned hereby makes an Application to Texas Department of Housing and Community Affairs. The Applicant affirms that they have read and understand, as applicable, Title 10, Texas Administrative Code ("10 TAC"), Chapters 1, 8, 11, 12, and 13. Specifically, the undersigned understands the requirements under 10 TAC §11.101 of the Qualified Allocation Plan ("QAP"), Site and Development Requirements and Restrictions, as well as Internal Revenue Code Section 42. By signing this document, Applicant is affirming that all statements and representations made in this certification and application, including all supporting materials, are true and correct under penalty of law, including Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. Applicant is also affirming understanding of 10 TAC §11.1(i) of the QAP, relating to Public Information Requests, specifically that the filing of an Application with the Department is deemed as consent to release any and all information contained therein.

The undersigned further certifies that he/she has the authority to execute this certification.

Churchill at Golden Triangle Community, L.P.

Applicant Entity Name

By: [Signature]

Signature of Authorized Representative

Printed Name

President

Title

2/13/2019

Date

Sworn to and subscribed before me on the 16th day of February, 2019

by

Gary Keep

(Student)

(Personalized Seal)

Notary Public Signature

Rebecca Villanueva

Notary Public, State of

Texas

County of

Dallas

My Commission Expires:

4/7/2022

Date
The Certification, Acknowledgement, and Consent of Development Owner is included behind this tab.

**The form should be executed, notarized, and included in the full application document.**

The form for the certification will be posted to the Department's website at [http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm](http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm)

Please indicate whether any of the following required disclosure on the Certification, Acknowledgement, and Consent of Development Owner (to be used for data capture for application processing):

- 10 TAC §11.101(a)(2) - Undesirable Site Features
- 10 TAC §11.101(a)(3) - Neighborhood Risk Factors
- 10 TAC §11.202(1)(M) - Termination of Relationship in an Affordable Housing Transaction
- 10 TAC §11.202(1)(N) - Voluntary Compliance Agreement
  (or any similar agreement resulting from negotiations regarding noncompliance)
- 10 TAC §11.901(16) - Unused Credit or Penalty Fee

Note: If any disclosures are indicated regarding 10 TAC §11.101(a)(3), submit the Neighborhood Risk Factors Report Packet (NRFR) located on the Department's website

[http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm](http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm)
Tab 2
Certification, Acknowledgement, and Consent
Of Development Owner

10 TAC §11.901(16) - Unused Credit or Penalty Fee

Disclosure

Evergreen Rowlett Senior Community, L.P. TDHCA #15020 property returned $8,109 in unused credits and paid a penalty of the same amount. We have our 8609’s.
Development Owner Certification, Acknowledgement and Consent

All defined terms used in this certification and not specifically defined herein have the meanings ascribed to them in Chapter 2306 of the Tex. Gov't Code, §42 of the Internal Revenue Code, and § 11.1(d) of the Qualified Allocation Plan.

The undersigned, in each and all of the following capacities in which it may serve or exist -- Applicant, Development Owner, Developer, Guarantor of any obligation of the Applicant, and/or Principal of the Applicant and hereafter referred to as “Applicant” or “Development Owner,” whether serving in one or more such capacities, is hereby submitting its Application to the Department for consideration of Department funding.

Applicant hereby represents, warrants, acknowledges and certifies to the Department and to the State of Texas that:

The Development will adhere to 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.

This Application and all materials submitted to the Department constitute records of the Department subject to Tex. Gov't Code, Chapter 552. All persons who have a property interest in the Application, along with all plans and third-party reports, acknowledge that the Department may publish them on the Department's website, release them in response to a request for public information, and make other use of the information as authorized by law. This includes all Third Party reports, which will be posted in their entirety on the Department's website, as they constitute a part of the Application. The Application is in compliance with all requirements related to the eligibility of an Applicant, Application and Development as further defined in 10 TAC §§11.101 and 11.202 of the Qualified Allocation Plan. Any issues of non-compliance have been disclosed.

All representations, undertakings and commitments made by Applicant in the Application process for Development assistance expressly constitute conditions to any Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment for such Development which the Department may issue or award, and the violation of any such condition shall be sufficient cause for the cancellation and rescission of such Commitment, Determination Notice, Carryover Allocation, or Direct Loan Award Letter, Commitment or Contract by the Department. To the extent allowed under Tex. Gov't Code §2306.6720, if any such representations,
undertakings and commitments concern or relate to the ongoing features or operation of the Development, they shall each and all be enforceable even if not reflected in the Land Use Restriction Agreement. All such representations, undertakings and commitments are also enforceable by the Department and the residents of the Development, including enforcement by administrative penalties for failure to perform, in accordance with the Land Use Restriction Agreement.

When providing a Pre-Application, Application or other materials to a state representative, local governmental body, Neighborhood Organization, or anyone else to secure support or approval that may affect the Applicant’s competitive posture, an Applicant must disclose in accordance with the Department’s rules those aspects of the Development that may not have been determined or selected or may be subject to change, such as changes in the amenities ultimately selected and provided.

The Development Owner is and will remain in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.), the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.), the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.), Fair Housing Accessibility, the Texas Fair Housing Act; and the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

The Development Owner has read and understands the Department’s fair housing educational materials posted on the Department’s website as of the beginning of the Application Acceptance Period.

All Applications proposing Rehabilitation (including Reconstruction) will be treated as substantial alteration, in accordance with 10 TAC Chapter 1, Subchapter B.

The Development Owner will establish a reserve account consistent with Tex. Gov’t Code §2306.186, and as further described in §11.302(d)(2)(l) of the Qualified Allocation Plan, relating to Replacement Reserve Account requirements.

The Development will operate in accordance with the applicable compliance monitoring requirements found in Chapter 10, Subchapter F.

The Development Owner agrees to implement a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Development Owner will be
required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609 or, if the Development does not have Housing Tax Credits, release of retainage.

The Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses as further described in Tex. Gov't Code §2306.6734.

The Development Owner will specifically market to veterans through direct marketing or contracts with veteran's organizations. The Development Owner will be required to identify how they will specifically market to veterans and report to the Department in the annual housing report on the results of the marketing efforts to veterans. Exceptions to this requirement must be approved by the Department.

Accessibility Requirements

The Development Owner understands that in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8, if the Development includes the New Construction or substantial rehabilitation of multifamily units (4 or more units per building), 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 ADA Standards with the exceptions listed in “Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities” (Federal Register 79 FR 29671) 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.

The Development Owner understands that regardless of building type, all Units accessed by the ground floor or by elevator ("affected units") must meet the requirements at 10 TAC §11.101(b)(8)(B).

The Development Owner certifies that all accessible Units under 10 TAC Chapter 1, Subchapter B, will be dispersed throughout the Development.

The Development Owner certifies that representations made in the Architect Certification are true and correct, and understands that the Department evaluation of architectural drawings may not include an assessment of accessibility. The Development Owner is responsible for any modifications necessary to meet accessibility requirements identified at the final construction inspection.
Unused Credit or Penalty Fee *(select one box as applicable)*

_____ The Applicant returned a full credit allocation after the Carryover Allocation deadline required for that allocation and is subject to the Unused Credit or Penalty Fee pursuant to §11.901(16) of the Qualified Allocation Plan.

X The Applicant certifies that no disclosure regarding §11.901(16) of the Qualified Allocation Plan is necessary.

Termination of Relationship in an Affordable Housing Transaction *(select one box as applicable)*

_____ The Applicant has disclosed, in the Application, any Principal or any entity or Person in the Development ownership structure who was or is involved as a Principal in any other affordable housing transaction that has terminated, voluntarily or involuntarily, within the past 10 years or plans to or is negotiating to terminate their relationship with any other affordable housing development. The disclosure identified the person or persons and development involved, the identity of each other development and contact information for the other Principals of each such development, a narrative description of the facts and circumstances of the termination or proposed termination, and any appropriate supporting documents. The Applicant has read and understands §11.202(1)(M) of the Qualified Allocation Plan related to such disclosure.

X The Applicant certifies that no disclosure regarding §11.202(1)(M) of the Qualified Allocation Plan is necessary.

Voluntary Compliance Agreement with any Governmental Agency *(select one box as applicable)*

_____ The Applicant has disclosed, in the Application, any Principal or any entity or Person in the Development ownership structure who was or is involved as a Principal in any other affordable housing transaction that entered into a voluntary compliance agreement (or similar agreement) with any governmental agency that is the result of negotiation regarding noncompliance of any affordable housing Development with any requirements. The disclosure identified the person or persons and development involved, the identity of each other development, contact information for the other Principals of each such development, a narrative description of the facts and circumstances of the agreement or proposed agreement, and any appropriate supporting documents. The Applicant has read and understands §11.202(1)(N) of the Qualified Allocation Plan related to such disclosure.
The Applicant certifies that no disclosure regarding §11.202(1)(N) of the Qualified Allocation Plan is necessary.

The Applicant certifies that, for any Development proposing New Construction or Reconstruction and located within the one-hundred (100) year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps, the Development Site will be developed in full compliance with the National Flood Protection Act and all applicable federal and state statutory and regulatory requirements so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. The Applicant certifies that, floodplain maps will be used and the Development Site will comply with regulations as they exist at the time of commencement of construction. Applicant further certifies that, for any Development proposing Rehabilitation (excluding Reconstruction) that is not a HUD or TRDO-USDA assisted property, the Development Site is not located in the one-hundred year floodplain unless the existing structures already meet the requirements for New Construction or Reconstruction, as certified to by a Third Party engineer, or unless the state or local government has undertaken and can substantiate sufficient mitigation efforts and such documentation is submitted in the Application.

Undesirable Site Features (select one of the boxes as applicable)

- [x] The Development is not located in an area with undesirable site features as further described in §11.101(a)(2) of the Qualified Allocation Plan.
- [ ] The proposed Development is Rehabilitation (excluding Reconstruction) with ongoing and existing federal assistance from HUD, USDA, or Veterans Affairs (“VA”) and an exemption was requested prior to the filing of an Application or is being requested with the Application in accordance with §11.101(a)(2) of the Qualified Allocation Plan.
- [ ] The proposed Development is Historic Preservation pursuant to §11.9(e)(6) of the Qualified Allocation Plan, is located in an area with an undesirable site feature and an exemption was requested prior to the filing of an Application or is being requested with the Application.
- [ ] The proposed Development is New Construction, is located in an area with an undesirable site feature and a copy of the local ordinance that regulates the proximity of such feature to a multifamily development is included in the Application.
- [ ] The proposed Development is located in an area with an undesirable site feature and mitigation to be considered by staff and the Board is included in the Application.
Neighborhood Risk Factors (select one of the main boxes as applicable)

___ The Development Owner certifies that the Development is not located in an area with any of the neighborhood risk factors described in §11.101(a)(3) of the Qualified Allocation Plan and that no disclosure is necessary;

___ The Development Owner certifies that the Development is located in an area with the following neighborhood risk factors and the Neighborhood Risk Factors Report is submitted with the Application (select all that apply):

_____ In a census tract with a poverty rate above 40% for individuals (or 55% for Developments in regions 11 and 13);

_____ In a census tract (or for any adjacent census tract with a boundary less than 500 feet from the proposed Development Site that is not separated from the Development Site by a natural barrier such as a river or lake, or an intervening restricted area, such as a military installation) in an Urban Area and the rate of Part I violent crimes is greater than 18 per 1,000 persons (annually) as reported on neighborhoodscout.com;

_____ Is located within 1,000 feet of a blighted or abandoned area as further described in §11.101(a)(3)(B)(iii) of the Qualified Allocation Plan;

_____ Is located in the attendance zones of an elementary, middle, or high school that does not have a 2018 Met Standard rating by the Texas Education Agency, unless the school is “Not Rated” because it meets the TEA Hurricane Harvey Provision, in which case the 2017 rating will apply. Elderly Developments are exempt from the requirement to disclose the presence of this characteristic.

The Development will include all of the mandatory Development amenities required in §11.101(b)(4) of the Qualified Allocation Plan at no charge to all residents (market rate and low-income) and written notice of such amenities will be provided to the residents.

The Development will satisfy the minimum point threshold for common amenities as further described in §11.101(b)(5) of the Qualified Allocation Plan. These amenities must be for the benefit of all residents (market rate and low-income), meet accessibility standards, be sized appropriately to serve the proposed Target Population, be made available throughout normal business hours, and be maintained throughout the Affordability Period. The residents must be provided written notice of the amenity elections made by the Development Owner.

The Development will meet the minimum size of Units as further described §10.101(b)(6)(A) of the Qualified Allocation Plan.
The Development (excluding competitive Housing Tax Credit Applications) will include enough unit and development construction features to meet the minimum number of points as further described in §11.101(b)(6)(B) of the Qualified Allocation Plan.

The Development (excluding competitive Housing Tax Credit Applications) will include enough resident supportive services, at no charge to the residents, be accessible to all residents (market rate and low-income), and maintained throughout the Affordability Period, to meet the required minimum number of points as further described in §11.101(b)(7) of the Qualified Allocation Plan, and offered in accordance with §10.619 of the Uniform Multifamily Rules. The tenant must be provided written notice of the elections made by the Development Owner.

If income averaging is elected, Unit Designations for all units identified as 20%, 30%, 40%, 50%, 60%, 70% and 80% Units will be dispersed across all Unit Types in a manner that does not violate fair housing laws, as required by 10 TAC §10.605(c), effective February 28, 2019.

If the Applicant is applying for Multifamily Direct Loan funds and the Development consists of New Construction, the Applicant further certifies that the Development meets the Construction Site Standards in 24 C.F.R §983.57(e).

If the Development has an existing LURA with the Department, the Development Owner will comply with the existing restrictions.

The Development Owner will comply with any and all notices required by the Department.

None of the criteria in subparagraphs (A) – (N) of §11.202(1) of the Qualified Allocation Plan, related to ineligible Applicants, applies to those identified on the organizational chart for the Applicant, Developer and Guarantor.

The individual whose name is subscribed hereto, in his or her individual capacity, on behalf of Applicant, and in all other related capacities described above, as applicable, expressly represents, warrants, and certifies that all information contained in this certification and in the Application, including any and all supplements, additions, clarifications, or other materials or information submitted to the Department in connection therewith as required or deemed necessary by the materials governing the multifamily funding programs are true and correct and the Applicant has undergone sufficient investigation to affirm the validity of the statements made. Further, the Applicant hereby expressly represents, warrants, acknowledges and certifies that the individual whose name is subscribed hereto has read and understands all the information contained in this form of the Application.

By signing this document, the undersigned, in their individual capacity, on behalf of Applicant, whether formed or to be formed, and in all other related capacities described above, is
affirming under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification, and subject to criminal penalties as defined by Tex. Penal Code §§37.01 et seq., and subject to any and all other state or federal laws regarding the making of false statements to governmental bodies or the providing of false information in connection with the procurement of allocations or awards, that the Application and all materials relating thereto constitute government documents and that the Application and all materials relating thereto are true, correct, and complete in all material respects.
By: 

[Signature]

Gary Keep

Printed Name: LifeNet Community Behavioral Healthcare - President Sole Member of GP

Title

February 20th, 2019

Date

THE STATE OF Texas

COUNTY OF Dallas

Before me, a notary public, on this day personally appeared Gary Keep, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 20th day of February, 2019

Notary Public Signature

Page 9 of 9

February 13, 2019
10 TAC §11.202 of the Qualified Allocation Plan identifies situations in which an Application or Applicant may be ineligible for Department funding. Applicants must provide disclosure of all potential instances of ineligibility, along with evidence of appropriate corrective action taken and accepted by the Department or mitigating factors to be considered. Documentation should be attached behind this tab.

Disclosure of all potential instances of ineligibility, along with evidence of appropriate corrective action is included behind this tab.
Applicant Eligibility Certification

All defined terms used in this certification and not specifically defined herein have the meanings ascribed to them in Chapter 2306 of the Tex. Gov't Code, §42 of the Internal Revenue Code, and § 11.1(d) of the Qualified Allocation Plan.

The undersigned, in each and all of the following capacities in which it may serve or exist or be contemplated to bring a new entity into existence—Applicant, Development Owner, Developer, Guarantor of any obligation of the Applicant, and/or Principal of the Applicant and hereafter referred to as “Applicant,” whether serving in one or more such capacities, is hereby submitting its Application to the Department for consideration of multifamily funding.

Applicant hereby represents, warrants, agrees, acknowledges and certifies to the Department and to the State of Texas that:

It has obtained all necessary consents and approvals, and conducted all necessary diligence to enable it to make these certifications and to perform any all agreements and to give all consents provided for or made herein.

All representations, undertakings and commitments made by Applicant in the Application process for a Development, whether with respect to Threshold Criteria, selection criteria or otherwise, expressly constitute conditions to any Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment for such Development which the Department may issue or award, and the violation of any such condition shall be sufficient cause for the cancellation and rescission of such Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment by the Department. To the extent allowed under §2306.6720 Tex. Gov't Code, if any such representations, undertakings and commitments concern or relate to the ongoing features or operation of the Development, they shall each and all shall be enforceable even if not reflected in the Land Use Restriction Agreement. All such representations, undertakings and commitments are also enforceable by the Department and/or the tenants of the Development, including but not limited to enforcement by assessment of administrative penalties for failure to perform, in accordance with the Land Use Restriction Agreement, the entry of orders by the Department’s Governing Board requiring strict performance, or the obtaining of injunctive relief.

Neither Applicant nor any other member of the Development Team has been or is barred, suspended, or terminated from procurement in a state or Federal program or listed in HUD’s System for Award Management (SAM).

Neither Applicant nor any other member of the Development Team has been convicted of a
state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen (15) years preceding the Application submission.

Neither Applicant nor any other member of the Development Team is, at the time of Application, subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; and/or is the subject of a proceeding in which a Governmental Entity has issued an order to impose penalties, suspend funding, or take adverse action based on an allegation of financial misconduct or uncured violation of material laws, rules, or other legal requirements governing activities considered relevant by the Governmental Entity.

Neither Applicant nor any other member of the Development Team has breached a contract with a public agency and failed to cure that breach within the timeframe provided or allowed by contract. If such breach is permitted to be cured under the contract, notice of the breach has been given and a reasonable opportunity to cure.

Neither Applicant nor any other member of the Development Team has misrepresented to a subcontractor the extent to which the Developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Developer's participation in contracts with the agency and the amount of financial assistance awarded to the Developer by the agency.

Neither Applicant nor any other member of the Development Team has been found by the Board to be ineligible based on a previous participation review performed in accordance with 10 TAC Chapter 1 Subchapter C.

Neither Applicant nor any other member of the Development Team is delinquent in any loan, fee, or escrow payments to the Department in accordance with the terms of the loan, as amended, or is otherwise in default with any provisions of such loans.

Neither Applicant nor any other member of the Development Team has failed to cure any past due fees owed to the Department within the timeframe provided by notice from the Department and at least ten (10) days prior to the Board meeting at which the decision for an award is to be made.

Neither Applicant nor any other member of the Development Team is in violation of a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733 of the Tex. Gov't Code, or a provision of Chapter 572 of the Tex. Gov't Code, that would prohibit the Person from participating in the Application in the manner and capacity they are participating.
Neither Applicant nor any other member of the Development Team has previous Contracts or Commitments that have been partially or fully de-obligated during the twelve (12) months prior to the submission of the Application and through the date of final allocation due to a failure to meet contractual obligations, and the Person is not on notice that such de-obligation results in ineligibility under 10 TAC Chapter 11.

Neither Applicant nor any other member of the Development Team has provided false or misleading documentation or made other intentional or negligent material misrepresentations or omissions in or in connection with an Application (and certifications contained therein), Commitment, or Determination Notice for a Development.

Neither Applicant nor any other member of the Development team has been the owner or Affiliate of the owner of a Department assisted rental development for which the federal affordability requirements were prematurely terminated and the affordability requirements have not re-affirmed or Department funds repaid.

Neither Applicant nor any other member of the Development Team has participated in the dissemination of misinformation about affordable housing and the persons it serves or about a competing Applicant that would likely have the effect of fomenting opposition to an Application where such opposition is not based on substantive and legitimate concerns that do not implicate potential violations of fair housing laws.

The Applicant will not violate §2306.1113 of the Tex. Gov’t Code relating to Ex Parte Communication and further explained in §11.202(2)(A) of the Qualified Allocation Plan.

For any Development utilizing Housing Tax Credit or Tax-Exempt Bonds, at all times during the two-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is not or has not been a member of the Board or employed by the Department as the Executive Director, Chief of Staff, General Counsel, a Deputy Executive Director, the Director of Multifamily Finance, the Chief of Compliance, the Director of Real Estate Analysis, a manager over the program for which an Application has been submitted, or any person exercising such responsibilities regardless of job title; or in violation of §2306.6733 of the Tex. Gov’t Code.

For any Development utilizing Housing Tax Credits, the Applicant will not propose to replace in less than fifteen (15) years any private activity bond financing of the Development described by the Application, unless the exceptions in §2306.6703(a)(2) of the Tex. Gov’t Code are met.

All the instances in which any Principal or any entity or Person in the Development ownership structure who was or is involved as a Principal in any other affordable housing transaction, that
has terminated voluntarily or involuntarily within the past ten years or is negotiating to terminate their relationship with any other affordable housing development have been fully disclosed pursuant to §11.202(1)(M) of the Uniform Multifamily Rules. Applicant understands that failure to disclose is grounds for termination.

All housing developments with which Applicant, Development Owner, Developer, Guarantor and/or Principal thereof participating, are in compliance with: state and federal fair housing laws, including Chapter 301, Property Code, the Texas Fair Housing Act; Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Section 3601 et seq.); and the Fair Housing Amendments Act of 1988 (42 U.S.C. Section 3601 et seq.); the Civil Rights Act of 1964 (42 U.S.C. Section 2000a et seq.); the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.); and the Rehabilitation Act of 1973 (29 U.S.C. Section 701 et seq.).

The making of an allocation or award by the Department does not constitute a finding or determination that the Development is deemed qualified to receive such allocation or award. Applicant agrees that the Department or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors; therefore, Applicant assumes the risk of all damages, losses, costs, and expenses related thereto and agrees to indemnify and hold harmless the Department and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Department may hereinafter suffer, incur, or pay arising out of its decisions and actions concerning this Application or the use of information therein.

Applicant, Development Owner, Developer, Guarantor or other Related Party is not subject to any pending criminal proceedings and if any such proceeding or any other charges which would invalidate the certifications are finally adjudicated or otherwise disposed of prior to Carryover, Determination Notice, or Closing, the Applicant will immediately notify the Department. Such notification must be presented to the Board for consideration at the next available Board meeting.

The individual whose name is subscribed hereto, in his or her individual capacity, on behalf of Applicant, and in all other related capacities described above, as applicable, expressly represents, warrants, and certifies that all information contained in this certification and in the Application, including any and all supplements, additions, clarifications, or other materials or information submitted to the Department in connection therewith as required or deemed necessary by the materials governing the multifamily funding programs are true and correct and the Applicant has undergone sufficient investigation to affirm the validity of the statements made. The Applicant agrees that the Department may, at its discretion, request additional information and/or documentation in its evaluation of this Application and is authorized but
not obligated under this document to conduct its own investigation regarding any information required requested and or provided in relation to the Application or the Development. Further, the Applicant hereby expressly represents, warrants, and certifies that the individual whose name is subscribed hereto has read and understands all the information contained in this form of the Application.

By signing this document, the undersigned, in their individual capacity, on behalf of Applicant, whether formed or to be formed, and in all other related capacities described above, is affirming under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (Vernon 2011) and subject to any and all other state or federal laws regarding the making of false statements to governmental bodies or the false statements or the providing of false information in connection with the procurement of allocations or awards that the Application and all materials relating thereto constitute government documents and that the Application and all materials relating thereto are true, correct, and complete in all material respects.
2019 REVISED Applicant Eligibility Certification

By: ____________________________

Signature of Authorized Representative

Gary Keep

Printed Name
LifeNet Community Behavioral Healthcare - President
Sole Member of GP

Title

February 20th, 2019

Date

THE STATE OF Texas §

COUNTY OF Dallas §

Before me, a notary public, on this day personally appeared Gary Keep, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 20th day of February, 2019

(Seal)

[Notary Public Signature]
2019 REVISED Applicant Eligibility Certification

By: [Signature of Authorized Representative]

Melissa Lewis

Printed Name

LifeNet Community Behavioral Healthcare - Secretary

Title

February 14, 2019

Date

THE STATE OF Texas §

COUNTY OF Dallas §

Before me, a notary public, on this day personally appeared Melissa Lewis, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 19th day of February 2019

(Seal)

KEVELYN JENKINS
My Notary ID # 126013743
Expires June 7, 2020

Notary Public Signature

KEVELYN JENKINS
My Notary ID # 126013743
Expires June 7, 2020
THE STATE OF Texas §
COUNTY OF Tarrant §

Before me, a notary public, on this day personally appeared Cary Fitzgerald, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 21 day of February, 2019

(Seal)

KATHY GREGORY
Notary ID #5416116
My Commission Expires July 23, 2022

Kathry Gregory
Notary Public Signature
2019 REVISED Applicant Eligibility Certification

Signature of Authorized Representative

Vernon Hunt

Printed Name

LifeNet Community Behavioral Healthcare - Board Member

Title

February 19, 2019

Date

THE STATE OF Texas §

COUNTY OF Dallas §

Before me, a notary public, on this day personally appeared Vernon Hunt, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 19 day of February, 2019

(Seal)

LLOYD STEVAN FAGG
Notary Public, State of Texas
Comm. Expires 09-15-2021
Notary ID 131260905

Notary Public Signature
2019 REVISED Applicant Eligibility Certification

By: 

Signature of Authorized Representative

Ikenna Mogbo

Printed Name

LifeNet Community Behavioral Healthcare - Board Member

Title

February 14, 2019

Date

THE STATE OF Texas

COUNTY OF Dallas

Before me, a notary public, on this day personally appeared Ikenna Mogbo, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 14th day of February, 2019

(Seal)

WINONA A SMITH
Notary ID #11066954
My Commission Expires February 18, 2023

Notary Public Signature
2019 REVISED Applicant Eligibility Certification

By: ____________

Signature of Authorized Representative

Richard Buckley

Printed Name

LifeNet Community Behavioral Healthcare - Board Member

Title

February 18, 2019

Date

THE STATE OF Texas §

COUNTY OF Dallas §

Before me, a notary public, on this day personally appeared Richard Buckley, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this __ day of February 18, 2019

(Seal)

WINONA A SMITH

Notary Public Signature

February 13, 2019
2019 REVISED Applicant Eligibility Certification

By: ____________________________

Signature of Authorized Representative

Bradley E. Forslund

Printed Name Churchill Senior Residential, LLC., Sole Member/Manager
Churchill Senior Communities, L.P., Developer
Bradley E. Forslund, Sole Trustee

Title
February 20, 2019

Date

THE STATE OF ____________ $5
COUNTY OF ____________ $5

Before me, a notary public, on this day personally appeared
Bradley E. Forslund, known to me to be the person whose name is
subscribed to the foregoing document and, being by me first duly sworn, declared and certified
that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 20th day of February, 2019

(Seal)

Notary Public Signature
2019 REVISED Applicant Eligibility Certification

By: ____________________________

Signature of Authorized Representative

J. Anthony Sisk

Printed Name

Sole Trustee

Title

February 20, 2019

Date

THE STATE OF Texas §

COUNTY OF Dallas §

Before me, a notary public, on this day personally appeared ____________, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 20th day of February 2019.

[Seal]

Notary Public Signature
**X Multifamily Direct Loan Certification** is included behind this tab.

**Multifamily Direct Loan Certification** is not applicable to this Application.

**If applicable, the form should be executed, notarized, and included in the full application document.**

The form for the certification will be posted to the Department's website at

http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm

2/27/2019
Multifamily Direct Loan Certification

I (We) hereby make application to the Texas Department of Housing and Community Affairs (the “Department”) for an award of Multifamily Direct Loan funds, which may be composed of HOME Investment Partnerships Program (“HOME”), Tax Credit Assistance Program Repayment Funds “TCAP RF,” Neighborhood Stabilization Program Round 1 Program Income (“NSP1 PI”), and/or National Housing Trust Fund (“NHTF”). The undersigned hereby acknowledges that an award by the Department does not warrant that the Development is deemed qualified to receive such award. I (We) agree that the Department or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Multifamily Direct Loan; therefore, I (We) assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the Department and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Department may hereinafter suffer, incur, or pay arising out of its decision concerning this application for Multifamily Direct Loan funds or the use of information concerning the Multifamily Direct Loan.

On behalf of the Applicant and all affiliates of the Applicant (hereinafter “Applicant”), I (We) hereby certify that the Applicant is familiar with the state Rules, as published in 10 TAC Chapters 1, 2, 11, and 13, as well as Chapter 12 as applicable. I (We) hereby acknowledge that this Application is subject to disclosure under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists.

I (We) hereby assert that the information contained in this Application as required or deemed necessary by the materials governing the Multifamily Direct Loan are true and correct and that I (We) have undergone sufficient investigation to affirm the validity of the statements made and the Department may rely on any such statements.

Further, I (We) hereby assert that I (We) have read and understand all the information contained in this Application. By signing this document, I (We) affirm that all statements made in this government document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §37.01 et seq. (Vernon 2011).

I (We) understand and agree that if false information is provided in this Application which has the effect of increasing the Applicant’s competitive advantage, the Department will disqualify the Applicant and may hold the Applicant ineligible to apply for Multifamily Direct Loan funds or until any issue of restitution is resolved. If false information is discovered after the award of
Multifamily Direct Loan funds, the Department may terminate the Applicant’s written agreement and recapture all Multifamily Direct Loan funds expended.

I (We) shall not, in the provision of services, or in any other manner discriminate against any person on the basis of age, race, color, religion, sex, national origin, familial status, or disability. Verification of any of the information contained in this application may be obtained from any source named herein.

I (We) have written below the name of the individual authorized to execute the Multifamily Direct Loan agreement and any and all future Multifamily Direct Loan commitments and contracts related to this application. If this individual is replaced by the organization, I (We) must inform the Department within 30 days of the person authorized to execute agreements, commitment and/or contracts on behalf of the Applicant.

I (We) certify that no person or entity that would benefit from the award of Multifamily Direct Loan funds has committed to providing a source of match.

I (We) certify that I (We) will meet, Texas Minimum Construction Standards, 2010 ADA Standards for Accessible Design, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973 as further detailed in 10 TAC Chapter 1, Subchapter B. I (We) certify that the Development will meet all local building codes or standards that may apply as well as the Uniform Physical Conditions Standards in 24 CFR §5.705.

I (We) certify that if Department funds have a first lien position in the project for which assistance is being requested, assurance of completion of the development will be provided in the form of payment and performance bonds in the full amount of the construction contract, running to the Department as obligee, or equivalent guarantee in the sole determination of the Department.

I (We) certify that if refinancing is a component of the proposed development the Applicant must confirm that Multifamily Direct Loan funds will not be used to replace loans, grants or other financing by any other Federal program, or in violation of the provisions of 10 TAC §13.3(e).

I (We) certify that if other federal or governmental assistance is used in the financing of this development I (We) will notify the Texas Department of Housing and Community Affairs.

I (We) certify that I (We) do 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, I (We), am convicted of a violation under 8 U.S.C Section 1324a (f), I (We) shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Texas Government Code Section 2264.053, not later than the 120th day after the date TDHCA notifies Name of Applicant of the violation.

On behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the federal HOME Final Rule, as published in 24 CFR Part 92, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the HOME Investment Partnerships Program and all Developments eligible to receive HOME funds will comply with such rules during the application process and, in the event of award of HOME funds, for the duration of the proposed Development.

If applying under the Supportive Housing/Soft Repayment set-aside, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the Interim Housing Trust Fund rule, as published in 24 CFR Part 93, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the NHTF and all Developments eligible to receive NHTF funds will comply with such rules during the application process and, in the event of award of NHTF funds, for the duration of the proposed Development.

Lead Based Paint

I (We) certify that documentation of compliance with the Texas Environmental Lead Reduction Rules in 25 TAC Chapter 295, Subchapter I or 24 CFR Part 35 (Lead Safe Housing Rule), as applicable, will be maintained in project files. I (We) understand that for Developments subject to 24 CFR Part 25, standard forms are available in the Federal Register, as indicated by the sources noted below.

1) Applicability 24 CFR §35.115 – A copy of a statement indicating that the property is covered by or exempt from Lead Safe Housing Rule.
   a) If the property is exempt, the file should include the reason for the exemption and no further documentation is required.
   b) If the property is covered by the Rule, the file should include the appropriate documentation to indicate basic compliance, as listed below:
      i) Summary Paint Testing Report or Presumption Notice 24 CFR §35.930(a) – A copy of any report to indicate the presence of lead-based paint (LBP) for projects receiving up to $5,000 per unit in rehabilitation assistance. If no testing was performed, then LBP is presumed to be on all disturbed surfaces;
ii) Notice of Evaluation 24 CFR §35.125(a) – A copy of a notice demonstrating that an evaluation summary was provided to residents following a lead-based-paint inspection, risk assessment or paint testing;

iii) Clearance Report 24 CFR §35.930(b)(3) – A report indicating a “clearance examination” was performed of the work site upon completion; and

iv) Notice of Hazard Reduction Completion 24 CFR §35.125(b) – Upon completion, a copy of a notice to show that a LBP remediation summary was provided to residents.

Threshold Certification

On behalf of the Applicant and all affiliates of the Applicant (hereinafter “Applicant”), I (We) hereby certify that the Applicant is familiar with the provisions and requirements of the Multifamily Direct Loan Notice of Funding Availability (NOFA) approved by the Department’s Governing Board on December 6, 2018, for which I (We) am applying.

I (We) understand that housing units subsidized by Multifamily Direct Loan funds must be affordable to low, very low or extremely low-income persons. I (We) understand that mixed income rental developments may only receive funds for units that meet the Multifamily Direct Loan affordability standards. I (We) understand that all Applications intended to serve persons with disabilities must adhere to the Department’s Integrated Housing Rule at 10 TAC §1.15.

I (We) understand that, pursuant to 10 TAC §13.11(p), all contractors, consulting firms, Borrowers, Development Owners and Contract Administrators must sign and submit the appropriate documentation with each draw to attest that each request for payment of Multifamily Direct Loan funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions in 24 CFR Part 92.

I (We) certify that I (We) am eligible to apply for funds or any other assistance from the Department. I (We) certify that all audits are current at the time of application. I (We) certify that any Audit Certification Forms have been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance pursuant to 10 TAC §1.3(b). I (We) certify that, the Development will meet the broadband infrastructure requirements of 81 FR 92626, and that these costs are included in the Application.

All applicants applying under the 2019-1 Multifamily Direct Loan Notice of Funding Availability (NOFA) must read and initial after each of the following sections regarding federal cross cutting requirements in the boxes below.
HUD Section 3

I (We) hereby agree that the work to be performed in connection with any award of HOME or NHTF funds is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. I (We) agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. For more information about HUD Section 3, please reference the TDHCA website dedicated to Section 3 at: http://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

Environmental

I (We) understand that the environmental effects of each activity carried out with an award of HOME funds must be assessed in accordance with the provisions of National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §4321 et seq.) and the related activities listed in HUD's implementing regulations at 24 C.F.R. parts 50, 51, 55 and 58 (NEPA regulations). Each such activity must have an environmental review completed and support documentation prepared complying with the NEPA and NEPA regulations. No loan may close or funds be committed to an activity before the completion of the environmental review process, including the requirements of 24 CFR Part 58, and the Department has provided written clearance.

The Department as the Responsible Entity must ensure that environmental effects of the property are assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

I (We) certify that all parties involved in any aspect of the development process began the project with no intention of using Federal assistance.

I (We) certify that as of the date of the Multifamily Direct Loan application all project work, other than as allowed in 24 CFR. Part 58, has ceased.

I (We) understand that the environmental effects of each activity carried out with an award of NHTF funds must be assessed in accordance with the provisions of CPD Notice 16-14.

I (We) certify that I (we) have read and understand the requirements in 24 CFR §58.22 or CPD Notice 16-14, and I (we) understand that acquisition of the site, even with non-HUD funds, prior to completion of the environmental review process will jeopardize any federal funding.
I (We) certify that we will not engage in any choice limiting actions until the site has achieved Environmental Clearance as required in CPD Notice 16-14 or 24 CFR. Part 58, as applicable. Choice-limiting activities include but are not limited to these examples:

- Acquisition of land, except through the use of an option agreement, regardless of funding source;
- Closing on loans including loans for interim financing;
- Signing a construction contract.

Relocation and Anti-Displacement

The property proposed for this Application is ____ is not ___ occupied. (check one)

If occupied, the occupant(s) are owners ____ tenants ____

Displacement of Existing Tenants

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as amended, and implementing regulations at 49 CFR Part 24. Consistent with the goals and objectives of activities assisted under the Act and HUD Handbook 1378, if the Development is eligible for federal funds the Applicant must prepare and submit the following to TDHCA with the Multifamily Uniform Application:

1) A detailed explanation of the reasons for displacement relocation;
2) A detailed plan of the relocation, including evidence of comparable replacement housing;
3) A copy of the General Information Notice (signed by the tenant or sent Certified Mail, return recipient requested) sent to all tenants on the Rent Roll listed with the Multifamily Direct Loan Application, and
4) Estimated costs and funding sources available to complete the permanent relocation.

Demolition and Conversion

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to 24 CFR Part 42 and Development Owner will replace all occupied and vacant occupiable low-income housing that is demolished or converted to a use other than low-income housing as a direct result of the project. All replacement housing will be provided within three (3) years after the commencement of the demolition or conversion. Before receiving a
commitment of federal funds for a project that will directly result in demolition or conversion, the project owner will make the information public in accordance with 24 CFR Part 42 and submit the information to TDHCA along with the following information in writing at application:

1) The location map, address, and number of dwelling units by bedroom size of lower income housing that will be demolished or converted to use other than as lower income housing as a direct result of the project;
2) A time schedule for the commencement and completion of the demolition and conversion;
3) To the extent known, the location, map, address, and number of dwelling units by bedroom size of the replacement housing that has been or will be provided;
4) The amount and source of funding and a time schedule for the provision of the replacement housing;
5) The basis for concluding that the replacement housing will remain lower income housing beyond the date of initial occupancy;
6) Information demonstrating that any proposed replacement of housing units with similar dwelling units (e.g. a 2-bedroom unit with two 1-bedroom units) or any proposed replacement of efficiency or SRO units with units of a different size is appropriate and consistent with the housing needs of the community; and
7) The name and title of the person or persons responsible for tracking the replacement of lower income housing and the name and title of the person responsible for providing relocation payments and other relocation assistance to any lower-income person displaced by the demolition of any housing or the conversion of lower-income housing to another use.

Applications for Developments Previously Awarded Department Funds

This Application has X has not previously received Department funds. (check one)

If this Application has previously received Department funds and construction has already started or been completed, and acquisition and rehabilitation is not being proposed, a letter from the Applicant that seeks to explain why this Application should be found eligible in accordance with 10 TAC §13.5(h)(2) is provided behind this tab.
2019 Multifamily Direct Loan Certification

By: Gary Keep

Signature of Authorized Representative

Gary Keep

Printed Name
LifeNet Community Behavioral Healthcare - President
Sole Member of GP

Title

February 13, 2019

Date

THE STATE OF TEXAS

COUNTY OF Dallas

Before me, a notary public, on this day personally appeared Gary Keep, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13th day of February, 2019

(Seal)

Notary Public Signature
Provide the contact information for the Applicant and any staff responsible for Administrative Deficiencies and/or clarifications to the Application.

<table>
<thead>
<tr>
<th>1. Applicant Contact Information</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Brad Forslund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (972) 550-7800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:bforslund@cri.bz">bforslund@cri.bz</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mailing Address: 5605 N. MacArthur Blvd., Suite 580</td>
<td>Street</td>
<td>Irving</td>
<td>TX</td>
</tr>
<tr>
<td>City</td>
<td></td>
<td></td>
<td>75038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Second Contact</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Becky Villanueva</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone: (972) 550-7800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email: <a href="mailto:bvillanueva@cri.bz">bvillanueva@cri.bz</a></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Consultant Contact (if applicable)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: n/a</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Phone:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Mailing Address:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This form will self-populate based on scoring selections made throughout the Application. Applicant should refer to this form to ensure that scoring selections are accurate prior to submitting the Application. Corrections must be made in the applicable section(s) of the Application. Highlighted rows indicate scoring items for both 9% HTC and Direct Loan applications. Additional scoring for Direct Loan applications can be found at 10 TAC §13.6.

### Criteria Promoting Development of High Quality Housing

<table>
<thead>
<tr>
<th>Point Item Description</th>
<th>QAP Reference</th>
<th>Points Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Sizes</td>
<td>§11.9(b)(1)(A)</td>
<td>6</td>
</tr>
<tr>
<td>Unit and Development Features</td>
<td>§11.9(b)(1)(B)</td>
<td>9</td>
</tr>
<tr>
<td>Sponsor Characteristics</td>
<td>§11.9(b)(2)</td>
<td>2</td>
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**High Quality Housing Total**: 17

### Criteria to Serve and Support Texans Most In Need

<table>
<thead>
<tr>
<th>Point Item Description</th>
<th>QAP Reference</th>
<th>Points Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Levels of Tenants</td>
<td>§11.9(c)(1)</td>
<td>16</td>
</tr>
<tr>
<td>Rent Levels of Tenants</td>
<td>§11.9(c)(2)</td>
<td>11</td>
</tr>
<tr>
<td>Resident Services</td>
<td>§11.9(c)(3)</td>
<td>10</td>
</tr>
<tr>
<td>Opportunity Index</td>
<td>§11.9(c)(4)</td>
<td>7</td>
</tr>
<tr>
<td>Underserved Area</td>
<td>§11.9(c)(5)</td>
<td>3</td>
</tr>
<tr>
<td>Tenant Populations with Special Needs</td>
<td>§11.9(c)(6)</td>
<td>2</td>
</tr>
<tr>
<td>Proximity to the Urban Core</td>
<td>§11.9(c)(7)</td>
<td>0</td>
</tr>
<tr>
<td>Readiness to Proceed in Disaster Impacted Counties</td>
<td>§11.9(c)(8)</td>
<td></td>
</tr>
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**Serve and Support Texans Most in Need Total**: 49

### Criteria Promoting Community Support and Engagement

<table>
<thead>
<tr>
<th>Point Item Description</th>
<th>QAP Reference</th>
<th>Points Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Support</td>
<td>§11.9(d)(1)</td>
<td>1</td>
</tr>
<tr>
<td>Commitment of Development Funding by Local Political Subdivision</td>
<td>§11.9(d)(2)</td>
<td>12</td>
</tr>
<tr>
<td>Declared Disaster Area</td>
<td>§11.9(d)(3)</td>
<td>10</td>
</tr>
<tr>
<td>Quantifiable Community Participation</td>
<td>§11.9(d)(4)</td>
<td></td>
</tr>
<tr>
<td>Community Support from State Representative</td>
<td>§11.9(d)(5)</td>
<td></td>
</tr>
<tr>
<td>Input from Community Organizations</td>
<td>§11.9(d)(6)</td>
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</tr>
<tr>
<td>Concerted Revitalization Plan</td>
<td>§11.9(d)(7)</td>
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**Community Support and Engagement Total**: 11

### Criteria Promoting the Efficient Use of Limited Resources and Applicant Accountability

<table>
<thead>
<tr>
<th>Point Item Description</th>
<th>QAP Reference</th>
<th>Points Selected</th>
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</thead>
<tbody>
<tr>
<td>Financial Feasibility</td>
<td>§11.9(e)(1)</td>
<td>18</td>
</tr>
<tr>
<td>Cost of Development per Square Foot</td>
<td>§11.9(e)(2)</td>
<td>12</td>
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<tr>
<td>Pre-application Participation</td>
<td>§11.9(e)(3)</td>
<td>6</td>
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<tr>
<td>Leveraging of Private, State, and Federal Resources</td>
<td>§11.9(e)(4)</td>
<td>3</td>
</tr>
<tr>
<td>Extended Affordability</td>
<td>§11.9(e)(5)</td>
<td>2</td>
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<tr>
<td>Historic Preservation</td>
<td>§11.9(e)(6)</td>
<td>0</td>
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<tr>
<td>Right of First Refusal</td>
<td>§11.9(e)(7)</td>
<td>1</td>
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<tr>
<td>Funding Request Amount</td>
<td>§11.9(e)(8)</td>
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**Efficient Use of Limited Resources and Applicant Accountability Total**: 43

### Point Deductions

<table>
<thead>
<tr>
<th>QAP Reference</th>
<th>Points Selected</th>
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<tbody>
<tr>
<td>§11.9(f)</td>
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</tbody>
</table>

**Total Application Self Score**: 120

2/27/2019
# Site Information Form Part I

**Self Score Total:** 120

## 1. Development Address (All Programs)

<table>
<thead>
<tr>
<th>Address</th>
<th>Approx: 11000 Metroport Way (S of Timberland Blvd. &amp; E of I35W)</th>
<th>Fort Worth</th>
<th>ETJ?</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>3</td>
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<td></td>
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</tr>
<tr>
<td>Zip</td>
<td>76177</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County</td>
<td>Tarrant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural/Urban</td>
<td>Urban</td>
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## 2. Census Tract Information (All Programs)

<table>
<thead>
<tr>
<th>Census Tract Number</th>
<th>48439113922</th>
<th>Median Household Income</th>
<th>98231.00</th>
<th>Quartile</th>
<th>1q</th>
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</thead>
<tbody>
<tr>
<td>QCT?</td>
<td>N/A</td>
<td>The poverty rate for the Census Tract is above 40% (55% for Regions 11 or 13), and the Neighborhood Risk Factors Report and required documentation has been submitted.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## 3. Resolutions (Competitive HTC and Tax-Exempt Bonds, if applicable) [10 TAC §11.3]

Check the boxes of true statements below. Resolutions must be provided to demonstrate eligibility for any unchecked item.

- **X** Twice the State Average Per Capita. The proposed Development is **NOT** located in a municipality or a county that has more than twice the state average of units per capita supported by Tax Credits or Private Activity Bonds. (QAP §11.3(c))

- **X** One Mile Three Year Rule. The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located one mile or less from a New Construction HTC or Bond Development serving the same type of household and awarded within the applicable three-year period and has not been withdrawn or terminated, **OR** the Development meets one of the exceptions in §11.3(d)2 of the QAP (provide evidence of exception).

- **X** Limitations on Developments in Certain Census Tracts. The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located in a census tract that has more than 20% HTC units per total households. (§11.3(e))

## 4. Two Mile Same Year Rule (Competitive HTC Only) [10 TAC §11.3(b)]

- The site is not located in a county with a population that exceeds one million.

- **X** The site is located in a county with a population that exceeds one million and is not located within 2 linear miles of the proposed Development Site of any eligible Pre-application in the same county.

- The site is located in a county with a population that exceeds one million and is located within 2 linear miles of the site of the following eligible Pre-application(s) within the same county:

## 5. Proximity of Development Sites (Competitive HTC Only) [10 TAC §11.3(g)]

- **n/a** The site is contiguous to or within 1,000 feet of the site for the following eligible Pre-application(s) serving the same Target Population:

## 6. Zoning [10 TAC §11.204(11)] and Flood Zone Designation [10 TAC §11.101(a)(1)] (All Programs)

<table>
<thead>
<tr>
<th>Development Site is appropriately zoned?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning Designation: PD-D</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flood Zone Designation: X</th>
</tr>
</thead>
</table>

Entire Development Site is outside the 100 year floodplain. Yes

Farmland Designation (New Construction (including adaptive re-use) seeking Section 811 and/or Direct Loan funds): Not Prime Farmland


Confirm the following supporting documents are provided behind this tab.

- **X** Statement explaining how the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

- **X** DP-1 Profile of General Demographic Characteristics (2010) Census data for the census tract and city (and county if proposed site is located in a rural area) where the proposed site will be located. DP-1 Census data can be accessed using the Advanced Search option at www.census.gov.

2/27/2019
### 8. School Rating (All Programs) [Tex. Gov’t Code §2306.6710(a)]; [10 TAC §11.101(a)(3)(B)(iv)]

Children of the proposed development will attend:

<table>
<thead>
<tr>
<th>School Name</th>
<th>Grades</th>
<th>Met Standard Rating?</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyndal Hughes Elementary</td>
<td>K through 5</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>John Tidwell Middle School</td>
<td>6 through 8</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Byron Nelson High School</td>
<td>9 through 12</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Note: School district has no attendance zones and the closest schools are listed.*

The Development Site is located within the attendance zone of an elementary school, a middle school or a high school that does not have a 2018 (or 2017 if the Hurricane Harvey Provision applies) Met Standard rating by the Texas Education Agency, and the Neighborhood Risk Factors Report (“NRFR”) and required documentation has been submitted. [§11.101(a)(3)(D)(iv)]

The Target Population is Elderly. ** Applicant is required to enter school rating information above, but no disclosure is required.**

### 9. Waiver of Rules [10 TAC §11.207]

*Note: Applicant requests waiver of rules.*

Documentation to support waiver was previously provided or is attached behind Tab 8 and includes:

- Documentation establishing how the need for the waiver was both not reasonably foreseeable and was not preventable by the Applicant and (where appropriate), plans for mitigation or alternative solutions; and
- Documentation establishing how, by granting the waiver, it better serves the policies and purposes articulated in referenced sections of Tex. Gov’t Code than not granting the waiver.
Supporting Documentation for the Site Information Form Part I

Maps:

- Street Map with Site Drawn and Identified
- Census Tract Map with Development Site Identified
  
  https://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t

Resolutions:

- n/a Twice the State Average of Units Per Capita Resolution
- n/a One Mile Three Year Resolution or evidence of other exception
- n/a Housing Tax Credit Units per Total Household Resolution
- n/a For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is included
- n/a For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is not included and will be provided under separate cover no later than 14 days prior to the Board meeting selected in Tab 1b

Zoning and Floodplain

- X Evidence of Zoning and/or Evidence of Re-Zoning Process
- X Evidence of Flood Zone Designation

Farmland Designation

- X Information is included in the ESA.
- X Information is included behind this tab.

Go to https://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx and

- Go to “Quick Navigation”, select address and enter street address, city, and state. If the Development Site does not have a fixed address, enter the street, city and state.
- Just below where it says “Area of Interest Interactive Map” and to the left of where it says “Legend” is a row of buttons. Two at the end are labeled “AOI” for area of interest. Click the rectangle or triangle button based on the relative shape of the Development Site.
- Outline the Development Site, getting as much within the rectangle or triangle as possible.
- Select the tab for “Soil Data Explorer”, select “Land Classifications”, then select “Farmland Classification”.
- Select “View Rating”. You may need to scroll down to see it.
- In the upper right corner, select ”Printable Version”. Name it if you wish, scale to “Fit to page”, printed sheet size “A landscape (11” x 8.5”). Make sure the box box labeled “show UTM Coordinate Ticks” is checked. Select ”View”.
- Save the file as a PDF and include it in the Application.

Site and Neighborhood Standards (New Construction Direct Loan Only)

- X Statement regarding promoting housing choice explains HOW the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low income persons.
- X DP-1 Profile of General Demographic Characteristics (2010) for census tract and city (and county if applicable)
Educational Quality (all Applications)

- School Attendance Zone Map with Development labeled;

- 2018 TEA accountability information for each school (or 2017 if the Hurricane Harvey Provision applies); and

- Neighborhood Risk Factors Report ("NRFR") if a school in the attendance zone has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year (or 2017 if the Hurricane Harvey Provision applies).

Waiver of Rules

- The waiver request must establish how the need for the waiver was both not reasonably foreseeable and was not preventable by the Applicant;

- The waiver request must establish how, by granting the waiver, it better serves the policies and purposes articulated in Tex. Gov't Code, §§2306.001, 2306.002, 2306.359, and 2306.6701, (which are general in nature and apply to the role of the Department and its programs, including the Housing Tax Credit program) than not granting the waiver.
Proposed Site
Churchill at Golden Triangle Community

https://www.huduser.gov/portal/sadda/sadda_qct.html
January 31, 2019

Brad Forslund
Churchill at Golden Triangle Community, L.P
5605 N MacArthur Blvd, Suite 580
Irving, TX 75038

RE: 11453 Metroport Way
      Moriah at Timberland Addition, Block 2 Lot 4

To Whom It May Concern:

The above referenced property is currently shown on the City of Fort Worth map and is zoned "PD 1084/D" Planned Development with Specific Use for the uses contained in the "D" High Density Multifamily District with maximum of 118 units. More information about the PD is enclosed. Please review file for further building and use mitigation. The regulations for “D” High Density Multi-family as described in Chapter 4, section 4.711 is available at http://fortworthtexas.gov/zoning/. A duplicated portion of the City of Fort Worth Map, which encompasses the location of the above referenced property, is also attached an madea part of this letter.

Please note that this property is in the I-35W Central Overlay District. Information about this overlay can be found in Chapter 4, Article 4.404 at http://fortworthtexas.gov/zoning/.

Should you need additional information, contact Aide Pocasangre-Garay at (817) 392-8026. Should you have any questions about Overlay you can contact Laura Voltman at (817) 392-8015

Sincerely,

[Signature]

Dana Burghdoff, AICP
Assistant Director, Planning Division
ORDINANCE NO. 22190-05-2016

AN ORDINANCE AMENDING THE COMPREHENSIVE ZONING ORDINANCE, ORDINANCE NO. 21653, AS AMENDED, SAME BEING AN ORDINANCE REGULATING AND RESTRICTING THE LOCATION AND USE OF BUILDINGS, STRUCTURES, AND LAND FOR TRADE, INDUSTRY, RESIDENCE OR OTHER PURPOSES, THE HEIGHT, NUMBER OF STORIES AND SIZE OF BUILDINGS AND OTHER STRUCTURES, THE SIZE OF YARDS AND OTHER OPEN SPACES, OFF-STREET PARKING AND LOADING, AND THE DENSITY OF POPULATION, AND FOR SUCH PURPOSES DIVIDING THE MUNICIPALITY INTO DISTRICTS OF SUCH NUMBER, SHAPE AND AREA AS MAY BE DEEMED BEST SUITED TO CARRY OUT THESE REGULATIONS AND SHOWING SUCH DISTRICTS AND THE BOUNDARIES THEREOF UPON "DISTRICT MAPS"; PROVIDING FOR INTERPRETATION, PURPOSE AND CONFLICT; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY CLAUSE; PROVIDING FOR PUBLICATION AND NAMING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH:

SECTION 1.

ZC-16-036  13354 Trinity Boulevard  0.56 acres
Zoning Change:
From: “E” Neighborhood Commercial
To: “FR” General Commercial Restricted

Description  Trinity Corners, Block 1, Lot 1

ZC-16-037  4100 – 4300 blocks (odd) Fossil Creek Boulevard, 5951 N. Riverside Drive
68.73 acres
Zoning Change:
From: “A-5” One-Family, “D” High Density Multifamily and “G” Intensive Commercial
To: “A-5” One-Family

Description  Tract 1
Being a tract of land situated in the W.B. DeWees Survey, Abstract No. 396, City of Fort Worth, Tarrant County, Texas, being a portion of the final plat of Block 1, Fossil Creek, Phase II, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Volume 388-141, Page 51, Plat Records, Tarrant County, Texas (PRTCT), being Tracts F-1A, F-1B, and G-1, described in deed to The Ruth Ray and H.L. Hunt Foundation and The Ruth Foundation, recorded in D197238776, Deed Records, Tarrant County, Texas, and being more particularly described as follows:

Beginning at the intersection of the north right-of-way line of Fossil Creek Boulevard (called a 120’ R.O.W. per Volume 388-140, Page 40, PRTCT) and the westerly right-of-way line of North Riverside Drive (R.O.W. varies), being the most southerly southeast corner of said Tract F-1B;
Thence N 89°58'30" W, along the north right-of-way line of said Fossil Creek Boulevard, a distance of 1099.64 feet to the southwest corner of said Tract F-1A and the southeast corner of the final plat of Fossil Creek, Phase II, Lot 1-2, Block 1, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Cabinet A, Slide 8749, PRTCT;

Thence departing the north right-of-way line of said Fossil Creek Boulevard, along the west line of said Tract F-1A and Tract G-1, the east line of said Fossil Creek, Phase II as recorded in Cabinet A, Slide 8749, PRTCT and the easterly line of Fossil Creek, Phase II, Lot 2, Block 1, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Cabinet A, Slide 11022, PRTCT, as follows:

N 00°01'30" E, a distance of 637.47 feet to the beginning of a non-tangent curve to the right, having a radius point that bears N 27°58'17" E, 450.00 feet

Northwesterly, along said curve, having a central angle of 54°30'50", an arc distance of 428.15 feet, and a chord that bears N 34°46'19" W, 412.18 feet to the end of said curve;

N 07°30'53" W, a distance of 212.75 feet to the beginning of a curve to the right, having a radius of 450.00 feet;

Northeasterly, along said curve, having a central angle of 78°26'10", an arc distance of 616.04 feet, and a chord that bears N 31°42'12" E, 569.05 feet to the end of said curve;

N 70°55'17" E, a distance of 128.81 feet to a point in the westerly right-of-way line of said North Riverside Drive (R.O.W. varies per Cabinet A, Slide 5461A, PRTCT & Volume 388-140, Page 40, PRTCT), being the northeast corner of said Tract G-1 and the most easterly southeast corner of said Fossil Creek, Phase II, Lot 2, Block 1, said point lying in a curve to the left, radial to said line;

Thence along the westerly right-of-way line of said North Riverside Drive and the easterly line of said Tract G-1 and said Tract F-1B, as follows:

Southeasterly, along said curve, having a radius of 1272.50 feet, a central angle of 25°10'31", an arc distance of 559.13 feet, and a chord that bears S 31°39'59" E, 554.64 feet to the end of said curve;

S 44°15'15" E, a distance of 656.20 feet to the beginning of a curve to the right, having a radius of 976.00 feet;

Southeasterly, along said curve, having a central angle of 17°30'10", an arc distance of 298.15 feet, and a chord that bears S 35°30'10" E, 296.99 feet to a point of compound curvature of a curve to the right, having a radius of 1030.00 feet;

Southeasterly, along said curve, having a central angle of 25°18'07", an arc distance of 454.85 feet, and a chord that bears S 14°06'02" E, 451.16 feet to a point of compound curvature of a curve to the right, having a radius of 90.00 feet;

Southwesterly, along said curve, having a central angle of 91°28'29", an arc distance of 143.69 feet, and a chord that bears S 44°17'16" W, 128.91 feet to the Point of Beginning and containing 34.462 acres of land, more or less.

**Description**

**Tract 2**

Being a tract of land situated in the W.B. DeWees Survey, Abstract No. 396 and the J.M. Robinson Survey, Abstract No. 1345, City of Fort Worth, Tarrant County, Texas, being a portion of the final plat of Block 1, Fossil Creek, Phase II, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Volume 388-141, Page 51, Plat Records, Tarrant County, Texas (PRTCT), being Tract E-3B, Tract F-2, and a portion of Tracts H-2 and H-3 as described in deed to The Ruth Ray and H.L. Hunt Foundation and The Ruth Foundation, recorded in D197238776, Deed Records, Tarrant County, Texas (DRTCT), being Tract E-4B as described in deed to Hunt-Woodbine Realty Corporation, recorded in D197236729, DRTCT, and being more particularly described as follows:

**Beginning** at the intersection of the easterly right-of-way line of North Riverside Drive (R.O.W. varies per Volume 388-140, Page 40, PRTCT & Cabinet A, Slide 5461A, PRTCT) and the north right-of-way line of Fossil Creek Boulevard (called a 120' R.O.W. per Volume 388-140, Page 40, PRTCT), being the most southerly southwest corner of said Tract F-2;

Thence along the easterly right-of-way line of said North Riverside Drive and the westerly and southwesterly line of said Tracts F-2, E-4B, and E-3B, as follows:
Northwesterly, along a curve to the right, having a radius point that bears N 00°01'34" E, 90.00 feet, a central angle of 88°52'52", an arc distance of 139.61 feet, and a chord that bears N 45°32'01" W, 126.03 feet to a point of reverse curvature of a curve to the left, having a radius of 1150.00 feet;

Northwesterly, along said curve, having a central angle of 25°39'34", an arc distance of 515.02 feet, and a chord that bears N 13°55'22" W, 510.73 feet to a point of compound curvature of a curve to the left, having a radius of 1204.00 feet;

Northwesterly, along said curve, having a central angle of 17°30'09", an arc distance of 367.79 feet, and a chord that bears N 35°30'11" W, 366.37 feet to the end of said curve;

N 44°15'13" W, a distance of 623.73 feet to the beginning of a curve to the right, having a radius of 1147.50 feet;

Northwesterly, along said curve, having a central angle of 25°10'32", an arc distance of 504.21 feet, and a chord that bears N 31°39'59" W, 500.16 feet to a point at the end of said curve, being the most westerly corner of said Tract E-3B and the most westerly southwest corner of Lot 2, Block 1 of the final plat of Lots 1 and 2, Block 1, Fossil Creek, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Cabinet A, Slide 11434, PRTCT;

Thence departing the easterly right-of-way line of said North Riverside Drive, along the line common to said Tract E-3B, Tract E-4B, and said Lot 2, Block 1, as follows:

N 70°55'17" E, radial to said curve, a distance of 78.00 feet to the beginning of a curve to the right, having a radius of 450.00 feet;

Northeasterly, along said curve, having a central angle of 24°41'53", an arc distance of 193.98 feet, and a chord that bears N 83°16'14" E, 192.48 feet to the end of said curve;

S 84°22'49" E, a distance of 200.68 feet to the beginning of a curve to the right, having a radius of 450.00 feet;

Southeasterly, along said curve, having a central angle of 40°07'35", an arc distance of 315.15 feet, and a chord that bears S 64°19'02" E, 308.75 feet to the end of said curve;

S 44°15'12" E, a distance of 171.96 feet to the beginning of a curve to the right, having a radius of 450.00 feet;

Southeasterly, along said curve, having a central angle of 74°18'04", an arc distance of 583.56 feet, and a chord that bear S 07°06'12" E, 543.52 feet to the end of said curve;

S 55°29'49" E, non-tangent to said curve, a distance of 517.58 feet to the southeast corner of said Lot 2, Block 1, said point lying in a west line of a tract of land as described in deed to CF Fossil Creek ARCIS, LLC, recorded in D214217225, DRTCT;

Thence along the line common to said Tracts E-4B, F-2, H-3, and H-2, and said CF Fossil Creek ARCIS, LLC tract, as follows:

S 14°23'49" W, a distance of 5.16 feet;

S 18°11'44" E, a distance of 221.22 feet to the beginning of a non-tangent curve to the left, having a radius point that bears S 76°13'35" E, 136.00 feet;

Southeasterly, along said curve, having a central angle of 55°26'39", an arc distance of 131.61 feet, and a chord that bears S 13°56'55" E, 126.53 feet to the end of said curve;

S 41°40'16" E, a distance of 78.58 feet;

S 63°29'34" E, a distance of 31.65 feet to the beginning of a curve to the left, having a radius of 150.00 feet;

Southeasterly, along said curve, having a central angle of 46°13'20", an arc distance of 121.01 feet, and a chord that bears S 86°36'14" E, 117.75 feet to the end of said curve;

Northeasterly, along a curve to the left, having a radius point bears N 24°15'28" W, 320.00 feet, a central angle of 47°08'15", an arc distance of 263.27 feet, and a chord that bears N 42°10'24" E, 255.90 feet to the end of said curve;

N 18°36'14" E, a distance of 93.91 feet to the southwest corner of Block 2 of the final plat of The Hills at Fossil Creek, an addition to the City of Fort Worth, Tarrant County, Texas as recorded in Cabinet A, Slide 5409, PRTCT;
Thence departing said CF Fossil Creek ARCIS, LLC tract, along the south line of said Block 2 of The Hills at Fossil Creek and the north line of a remainder portion of said Tract H-2, as follows:

N 84°54'46" E, a distance of 231.58 feet;
N 84°02'42" E, a distance of 167.11 feet;

N 59°26'59" E, a distance of 202.17 feet to a point in the westerly right-of-way line of Walnut Creek Drive (R.O.W. varies per Cabinet A, Slide 5409, PRTCT), said point lying in a curve to the right, having a radius point that bears S 38°21'17" W, 200.00 feet;

Thence along the westerly right-of-way line of said Walnut Creek Drive, as follows:

Southeasterly, along said curve, having a central angle of 19°16'29", an arc distance of 67.28 feet, and a chord that bears S 42°00'29" E, 66.96 feet to the end of said curve;

S 32°22'14" E, a distance of 96.22 feet to the beginning of a curve to the right, having a radius of 975.00 feet;

Southeasterly, along said curve, having a central angle of 04°38'44", an arc distance of 79.05 feet, and a chord that bears S 30°02'51" E, 79.03 feet to a point of compound curvature of a curve to the right, having a radius of 500.00 feet;

Southeasterly, along said curve, having a central angle of 16°05'04", an arc distance of 140.36 feet, and a chord that bears S 19°40'57" E, 139.90 feet to a point of reverse curvature of curve to the left, having a radius of 500.00 feet;

Southeasterly, along said curve, having a central angle of 10°54'22", an arc distance of 95.17 feet, and a chord that bears S 17°05'36" E, 95.03 feet to the end of said curve;

S 22°32'47" E, a distance of 116.69 feet to the intersection of the westerly right-of-way line of said Walnut Creek Drive and the north right-of-way line of said Fossil Creek Boulevard, said point lying in a curve to the right, having a radius point that bears
N 21°28'02" W, 2388.10 feet;

Thence along the north right-of-way line of said Fossil Creek Boulevard and the south line of said Tract H-3 and Tract F-2, as follows:

Southwesterly, along said curve, having a central angle of 21°29'32", an arc distance of 895.80 feet, and a chord that bears S 79°16'44" W, 890.56 feet to the end of said curve;

N 89°58'30" W, a distance of 682.99 feet to the Point of Beginning and containing 34.193 acres of land, more or less.

ZC-16-067 501 E. Loop 820 4.32 acres

Zoning Change:
From: "E" Neighborhood Commercial
To: "PD/E" Planned Development for all uses in “E” Neighborhood Commercial plus mini warehouse; site plan approved, attached as Exhibit “A” and on file in the Planning & Development Department

Description
Being a tract of land situated in the Robert Ray Survey, Abstract No. 1290 recorded in Volume 16481, Page 294 of the Deed Records of Tarrant County, Texas, as shown on survey and being more particularly described by metes and bounds as follows:

Beginning at a ½ inch iron rod found for corner at the intersection of the North Right of Way line of Sandybrook Drive (60 foot Right of Way) with the East Right of Way line of Interstate Highway Loop 820 (350 foot Right of Way), being the Southwest corner of said MLS tract;
Thence North 00 degrees 28 minutes 08 seconds East, a distance of 671.32 feet to a ½ inch iron rod found for corner, being the Southwest corner of a tract of land conveyed to Gramercy Place Condos as recorded in Instrument File No. D208100185 of the Deed Records of Tarrant County, Texas;

Thence South 88 degrees 56 minutes 06 seconds East, a distance of 285.12 feet to a 5/8 inch iron rod found for corner, being the Northwest corner of Phase One of Sandybrook Addition, an addition in Fort Worth, Tarrant County, Texas according to the plat thereof recorded in Volume 388-127, Page 86 of the Deed Records of Tarrant County, Texas;

Thence South 00 degrees 30 minutes 00 seconds West (directional control), a distance of 672.27 feet to a ½ inch iron rod found for corner, being the Southwest corner of said Addition and being in the said North Right of Way line of Sandybrook Drive;

Thence North 88 degrees 44 minutes 32 seconds West, a distance of 284.77 feet to the Place of Beginning and containing 4.394 acres of land, 4.328 net acreage.

**ZC-16-068** 1400 block (odds) Old Decatur Road  2.74 acres

**Zoning Change:**

From: "C" Medium Density Multifamily and "E" Neighborhood Commercial
To: "C" Medium Density Multifamily

**Description**

Being of a tract of land situated in the HEIRS OF BENJAMIN THOMAS SURVEY, ABSTRACT NO. 1497, in the City of Fort Worth, Tarrant County, Texas, and being a portion of a tract of land described in deed to B.N.M. Properties, L.P. as recorded in Volume 13998, Page 568 (County Clerk's Instrument No. D199228248), Official Public Records, Tarrant County, Texas, and being more particularly described as follows:

**Beginning** at a 1-inch iron rod with plastic cap stamped "GORRONDONA" found for corner on the Westerly right-of-way of Old Decatur Road, a variable width right-of-way, and the Easterly line of said B.N.M. Properties tract, said point being the North corner of a Dedication Deed to the City of Fort Worth as recorded in County Clerk's Instrument No. D210307861, Official Public Records, Tarrant County, Texas;

Thence along the Westerly right-of-way of said Old Decatur Road and the Easterly line of said B.N.M. Properties tract, the following courses and distances:

North 18 deg 18 min 18 sec West, a distance of 155.16 feet to a 1/2-inch capped iron rod found, said iron rod being the beginning of a curve to the right having a radius of 1,668.19 feet, a central angle of 3 deg 26 min 12 sec, a chord bearing of North 16 deg 33 min 58 sec West and a chord length of 100.05 feet;

Along said curve to the right, an arc distance of 100.06 feet to a 1/2-inch iron rod with plastic cap found, said iron rod being the beginning of a curve to the left having a radius of 1,668.19 feet, a central angle of 3 deg 26 min 12 sec, a chord bearing of North 16 deg 35 min 32 sec West and a chord length of 100.05 feet;

Along said curve to the left, an arc distance of 100.06 feet to a 1/2-inch iron rod with plastic cap found;
North 18 deg 20 min 30 sec West, a distance of 66.81 feet to a 1/2-inch iron rod with plastic cap stamped "W.A.I." found;

North 18 deg 20 min 30 sec West, a distance of 50.00 feet to the POINT OF BEGINNING;

Thence departing the Westerly right-of-way of said Old Decatur Road, over and across said B.N.M. Properties tract, the following courses and distances:

South 71 deg 39 min 23 sec West, a distance of 426.08 feet to a 1/2-inch iron rod with cap stamped "Beasley" found;
South 73 deg 48 min 58 sec West, a distance of 206.16 feet to a 1/2-inch iron rod with cap stamped "Beasley" found;
North 17 deg 12 min 29 sec West, a distance of 286.56 feet to a point for corner;
North 89 deg 54 min 46 sec East, a distance of 659.62 feet to a point for corner, said point being on the Westerly right-of-way of said Old Decatur Road;
Thence South 18 deg 20 min 30 sec East, along the Westerly right-of-way of said Old Decatur Road, a distance of 87.63 feet to the Point of Beginning and containing within these metes and bounds 119,673 square feet or 2.747 acres of land, more or less.

**ZC-16-069  9200 block (odds) Saginaw Boulevard  14.67 acres**

**Zoning Change:**
*From: “E” Neighborhood Commercial and “I” Light Industrial  
To: “E” Neighborhood Commercial*

**Description**
Being 14.679 acres of land located in the Heirs of Benjamin Thomas Survey, Abstract No. 1497, Tarrant County, Texas, being a portion of the tract of land described in the deed to B.N.M Properties, a Texas limited partnership, recorded in Volume 13998, Page 569, Deed Records, Tarrant County, Texas. Said 14.679 acres of land being more particularly described as follows:

Beginning at a 5/8” iron rod found at the Southeast corner of said B.N.M. Properties tract:
Thence S89°26’16”W, a distance of 516.41 feet along the South line of said B.N.M. Properties tract to a point at the Southeast corner of Lot 31, Block 3, Glen Mills Village an addition to the City of Fort Worth, Tarrant County, Texas according to the plat recorded in Cabinet A, Slide 8088:

Thence along the Easterly lines of said Block 3 as follows:

1. NOO*33’55”, a distance of 284.11 feet to a point at an angle point in Lot 34 in said Block #;
2. N36°38’53”W, passing the North corner of Lot 40 in said Block 3, being the East corner of Lot 41, Block 3, Glen Mills Village an addition to the City of Fort Worth, Tarrant County, Texas according to the plat recorded in Cabinet A, Slide 10103, Tarrant County, Texas, thence continuing along said Easterly line of said Block 3 recorded in Cabinet A, Slide 10103, passing the North corner of Lot 56, Block 3, recorded in said Cabinet A, Slide 10103, in all a distance of 1,987.08 feet to a point in the northerly Line of said B.N.M. Properties tract at the North corner of a tract of land described in the deed to Jimmy Morrow and Doug McClure recorded in Volume 15122, Page 365, Deeds Records, Tarrant County, Texas:

Thence N48°39’52”E, a distance of 250.84 feet along said Northerly line to a 3/4” iron rod found at the North corner of said B.N.M. Properties tract:

Thence S36°38’53”E, a distance 05 2,541.35 feet along the Easterly line of said B.N.M. Properties tract to the Point of Beginning, containing 14.679 acres of land.

**ZC-16-073  11200 IH 35 N. and 11228 Timberland  5.28 acres**

**Zoning Change:**
*From: “G” Intensive Commercial/I-35 Overlay  
To: “PD/D” Planned Development for all uses in “D” High Density Multifamily/I-35 Overlay with a maximum of 118 units; site plan approved, attached as Exhibit “B” and on file in the Planning & Development Department*

**Description**
Being a tract of land, situated in the w. McCowen Survey, Abstract No. 999, in the City of Fort Worth, Tarrant County, Texas, being a part of that called 66.39 acre tract of land described by deed to Triangle I-35 Realty, LTD., as recorded under Instrument No. D206086268, of the Official Public Records, Tarrant County, Texas (o.p.r.t.c.t.), and also being a portion of Lot 2, Block 2, of Moriah at Timberland Addition, an addition to the City of Fort Worth, as recorded under Instrument No. D209331585, of the map records, Tarrant County, Texas (m.r.t.c.t.), said tract being more particularly described as follows:
Beginning at an "X" set in concrete, said corner being the Southeasterly corner of Lot B, Block 1, of Moriah at Timberland Addition, an addition to the City of Fort Worth, as recorded under Instrument No. D214178004, m.r.t.c.t., said "x" set bears, South 89° 59' 55" East, from the Southwesterly corner of said Lot B, same being in the Southeasterly monument line of Interstate Highway No. 35W, same also being in the Northwesterly line of said 66.3Ø acre tract;

Thence North 00° 00' 05" East, along the easterly line of said Lot B, same being over and across said 66.3Ø acre tract, passing a 1'Ø iron rod found for the Northeasterly corner of said Lot 13, at a distance of 252.39', and continuing over and across said 66.3Ø acre tract, passing the most Westerly south line of said Lot 2, Block 2, at a distance of 518.74', and continuing over and across said Lot 2, Block 2, a total distance of 648.71' to a 1'Ø iron rod with a yellow plastic cap stamped "RPLS 5686" set (herein after referred to as a capped iron rod set);

Thence South 89° 43' 08" East, continuing over and across said Lot 2, Block 2, a distance of 329.39' to a capped iron rod set in the Westerly monument line of Metroport Way;

Thence along said Metroport Way, the following courses and distances:

South 00° 28' 30" West, a distance of 35.07' to a capped iron rod set for corner, said corner being the most Easterly Southeast corner of said Lot 2, Block 2;

South 89° 43' 08" East, along the southerly monument line of Metroport Way (as shown on plat recorded under Instrument No. D220933 B85), a distance of 30.00' to a capped iron rod set in the Westerly line of said 66.3Ø acre tract, same being in the Westerly line of that right-of-way dedication, as shown on the plat of All Storage Old Denton, an addition to the City of Fort Worth, as recorded under instrument No. D213066829, m.r.t.c.t.;

Thence South 00° 28' 30" West, partially along the common line between said right-of-way dedication for Metroport Way, same being a Westerly line of said 66.3Ø acre tract, passing an "ell" corner of said 66.3Ø acre tract, at a distance of 452.74', and continuing over and across said 66.3Ø acre tract, a total distance of 611.91' to a capped iron rod set, said corner being the Southeasterly corner of the herein described property;

Thence North 89° 59' 55" West, continuing over and across said 66.3Ø acre tract, a distance of 354.04' to the Point of Beginning and containing 5.281 acres of land, more or less.
ZC-16-077 200 Academy Boulevard  4.00 acres

Zoning Change:
From: "E" Neighborhood Commercial
To: "PD/E" Planned Development for all uses in "E" Neighborhood Commercial plus mini warehouses; site plan approved, and required for mini warehouse only attached as Exhibit "D", on file in the Planning & Development Department

Description
Being a 4.002 acres of land situated in the J.W. Haynes Survey, abstract no. 795, Tarrant County, Texas, and being a portion of that certain tract of land described in deed to Legacy West Joint Venture and recorded in vol. 7070, page 2101, Tarrant County Deed Records and also being the remainder of that certain proposed Block J, Legacy West Addition, and being more particularly described in a metes and bounds as follows:

Beginning at the southeast corner of the proposed Lot 1, Block J, Legacy West Addition, an addition to the city of Fort Worth and in the northerly right of way line of White Settlement Road (a 120 foot wide public right of way);

Thence North 00 degrees 20 minutes 00 seconds East, leaving said northerly right of way line and along the easterly line of said proposed Lot 1, Block J, a distance of 174.74 feet to a 5/8” iron rod found for the northeast corner of Lot 1, Block J;

Thence North 89 degrees 40 minutes 00 seconds west, along the northerly line of said Lot 1, Block J, a distance of 142.89 feet to a 5/8” iron rod found in the easterly right of way line of Academy Boulevard (a 120 foot public right of way) and being the northwest corner of said Lot 1, Block J;

Thence North 07 degrees 12 minutes 32 seconds east, along the said easterly line of Academy Boulevard, a distance of 239.63 feet to the beginning of a curve to the left whose radius is 1641.41 feet and whose long chord bears North 04 degrees 39 minutes 21 seconds East, 146.16 feet;

Thence along said curve and continuing along said easterly right of way line in a northerly direction through a central angle of 05 degrees 06 minutes 14 seconds an arc distance of 146.21 feet to a point for corner;

Thence East leaving said easterly line of Academy Boulevard, a distance of 338.76 feet to a point for corner;

Thence South 00 degrees 34 minutes 47 seconds West, a distance of 522.57 feet to a point in the north right of way line of said White Settlement Road and the beginning of a non-tangent curve to the right whose radius of 874.20 feet and whose long chord bears South 81 degrees 07 minutes 54 seconds West, a distance of 236.36 feet;

Thence along the said non-tangent curve and along the said northerly line of said White Settlement Road, in a westerly direction through central angle of 15 degrees 32 minutes 19 seconds, an arc distance of 237.08 feet to the Point of Beginning and containing 174322 square feet or 4.002 acres of land, more or less.

ZC-16-078 1700 block (evens) Eastchase Parkway  0.67 acres

Zoning Change:
From: "A-5" One-Family and "G" Intensive Commercial
To: "E" Neighborhood Commercial

Description: Eastchase Village, Block A, Lot 38
ZC-16-083  6501 Cascade Canyon Trail  16.28 acres

Zoning Change:
From: “C” Medium Density Multifamily
To: “A-5” One-Family

Description:
Being a certain tract of land situated in the James H. Conwill Survey, Abstract Number 343, City of Fort Worth, Tarrant County, Texas and being all of that tract of land described by deed to VLMC Inc., recorded in Instrument Number D216019155 of the County Records, Tarrant County, Texas and being more particularly described as follows:

Beginning at the northeast corner of said VLMC tract, being in the west right-of-way line of Cascade Canyon Trail (a 50-foot wide right-of-way);

Thence with said west right-of-way line of Cascade Canyon Trail, the following courses and distances:
S 24°49'56" E, 501.48 feet to the beginning of a curve to the right;

With said curve to the right, an arc distance of 97.49 feet, through a central angle of 11°45'34", having a radius of 475.00 feet, the long chord which bears S 18°58'40" E a distance of 97.32 feet to the southeast corner of said First United Bank and Trust Company tract;

Thence N 89°43'33" W, 1417.32 feet, departing said west right-of-way line and along the south line of said VLMC tract to the east line of that tract of land described in deed to Oncor Electric Delivery Company, LLC recorded in Volume 2652, Page 425 of the Deed Records of Tarrant County, Texas;

Thence N 00°16'17" E, 545.75 feet with said west line of the Oncor Electric Delivery Company, LLC tract to the most westerly southwest corner of The Trails of Marine Creek, an addition to the City of Fort Worth, Texas according to the plat thereof recorded in Cabinet A, Slide 9827 of the Plat Records of Tarrant County, Texas;

Thence S 89°44'13" E, 1172.48 feet with said south line of The Trails of Marine Creek Addition to the Point of Beginning and containing 709,504 square feet or 16.29 acres of land more or less.

SP-16-001  5306-5336 (evens) White Settlement Road and 127 Roberts Cut Off Road  13.55 acres

Zoning Change:
From: PD 724 “PD/MU-1” Planned Development/Low Intensity Mixed Use plus bars, farmers market, and mobile vendors with development standards; site plan required
To: Amend site plan for PD 724 to add a story to Building B and change parking configurations; site plan approved, attached as Exhibit “E” and on file in the Planning & Development Department

Description:
Situated in the City of Fort Worth, Tarrant County, Texas, and being a tract of land in the N.H. CARROLL SURVEY, Abstracts No. 264, and embracing those certain tracts conveyed to John R. Campbell and Joe Cloud by deeds recorded in Volume 4450, Page 317 (described as being a 12,866 acre tract), and Volume 7689, Page 570 (described as being 7447 square feet), of the Tarrant County Deed Records, and all being more fully describ:ed as follows:

Beginning at a 3/8" iron rod found in place for the northeast corner of said 12,866 acre tract and the northwest corner of that certain tract of land in said Carroll Survey conveyed to Linda D. Draper by the deed recorded in Volume 8213, Page 284, of said Deed Records, and being in the occupied south line of that certain tract in said Carroll Survey conveyed to T. T. Chnok by deed recorded in Volume 6248, Page 365, of said Deed Records (although this corner does not, technically, lie on a line between monument corners);

Thence Souht 0 degrees, 06 minutes, 25 seconds West with the northerly east line of said 12,866 acre tract and with the west line of said Draper tract, 90.60 feet to a ½" iron rod found for a southeast corner of said 12,866 acre tract.
and the southwest corner of said Draper tract in the north line of that certain tract conveyed to Ronald D. Sturgeon by deed recorded in Volume 9428, Page 1119, of said Deed Records;

Thence North 89 degrees, 50 minutes, 10 seconds West with said north line of Sturgeon tract for a south line of said 12.866 acre tract and along a chain link fence line, 14.0 feet to a 5/8" iron rod found in place for the northwest corner of said Sturgeon tract and an "L" corner in said 12.866 acre tract;

Thence South 0 degrees, 39 minutes, 50 seconds West with the west line of said Sturgeon tract and an east line of said 12.866 acre tract, 1 to 4 feet easterly from and generally along a chain link fence line 137.90 feet to a 5/8" iron rod found in place for the southwest corner of said Sturgeon tract and an "L" corner in said 12.866 acre tract;

Thence South 89 degrees, 52 minutes, 55 seconds East with the south line of said Sturgeon tract and a north line of said 12.866 acre tract, 93.07 feet to a ½" iron rod found in place for the northwest corner of Lot 1, Myrtle Maroon Subdivision, as shown on plat thereof recorded in Volume 388-D, Page 117, of the Tarrant County Plat Records, and the most southerly northeast corner of said 12.866 acre tract;

Thence South 1 degree, 13 minutes, 05 seconds West along a fence line and with the most easterly east line of said 12.866 acre tract and with the west lines of said Lot 1 and Lots 2 and 3 in said Myrtle Maroon Subdivision, continuing with the west line of that certain tract conveyed to Yount Limited Liability Company by deed recorded in Volume 11913, page 1189, of said Deed Records, at 330.9 feet passing the most easterly southeast corner of said 12.866 acre tract and the northeast corner of said 7447 square foot tract, continuing with the east line of said 7447 square foot tract and said west line of Yount tract and the west line of that certain tract conveyed to Fred Kirchner by deed recorded in Volume 5264, Page 304, of said Deed Records, in all 449.75 feet to the common south corners of said 7447 square foot tract and said Kirchner tract in the north line of White Settlement Road (70 foot wide right-of-way at this point), from which point a ½" pipe found in place bears North 1 degree, 13 minutes East 6.0 feet;

Thence North 89 degrees, 57 minutes West with the south line of said 7447 square foot tract and said north line of White Settlement Road, at 62.7 feet passing a "+" found in place in the street gutter for the southwest corner of said 7447 square foot tract and the most southerly southeast corner of said 12.866 acre tract, continuing with the most southerly south line of said 12.866 acre tract, in all 196.57 feet to a railroad spike found in the White Settlement Road pavement for an angle point in said south line of 12.866 acre tract;

Thence North 74 degrees, 50 minutes, 50 seconds West, continuing with said most southerly south line of 12.866 acre tract along the northerly line of an apparently occupied right-of-way parcel, in all 657.18 feet to a 3/8" iron rod found in place for the most southwest corner of said 12.866 acre tract described as being in the former center of West Fork of the Trinity River;

Thence with the westerly lines of said 12.866 acre tract and easterly lines of property standing in the name of Tarrant County Water Control and Improvement District No. 1 (now called Tarrant Regional Water District), (partially along said former center of West Fork of Trinity River) the following courses and distances;

North 30 degrees, 21 minutes West, 89.35 feet to a 3/8" iron rod found in place for an angle point;
North 48 degrees, 03 minutes, 20 seconds West, 171.90 feet to a 3/8" iron rod found in place for the most westerly southwest corner of said 12.866 acre tract at a point on a curve whose center bears North 89 degrees, 25 minutes, 11 seconds West, 1231.95 feet;
Northerly with said curve (departing from said former center of West Fork of Trinity River), a distance 320.60 feet to a ¾" iron rod found in place for the northeast corner of said 12.866 acre tract, the common east corners of two Tarrant County Water Control and Improvement District No. 1 tracts described in deeds recorded in Volume 4319, Page 143, and Volume 4219, Page 621, of said Deed Records, and the southwest corner of said Ticknor tract;

Thence South 89 degrees, 59 minutes, 15 seconds East with the north line of said 12.866 acre tract and said occupied south line of Ticknor tract, 231.51 feet to a ¾" iron rod found in place for an angle point in said north line of 12.866 acre tract;

Thence South 89 degrees, 45 minutes, 55 seconds East (base bearing computed from Ticknor straight line described as being "West"), continuing with said north line of 12.866 acre tract, 741.94 feet to the Place of Beginning, and containing 13.0348 acres (567,797 square feet) within the described tract of land.

Description Parcel 2
Situated in the City of Fort Worth, Tarrant County, Texas, and being a tract of land in the N.H. CARROLL SURVEY, Abstract No. 264, and being a portion of White Settlement Road right-of-way and all being more fully described as follows:

Ordinance No. 22190-05-2016
Page 10 of 12
**Beginning** at a 3/8" iron rod found in place for the southwest corner of that certain tract conveyed to Sztamenits Family Limited Partnership by deed recorded in Volume 16262, Page 48, of the Tarrant County Deed Records, at the point of intersection of the occupied northerly line of said White Settlement Road with the easterly line of a Tarrant Regional Water District (formerly Tarrant County Water Control and Improvement District No. 1) channel for the West Fork of the Trinity River;

Thence South 74 degrees, 50 minutes, 50 seconds East (base bearing from Sztamenits deed) with a southerly line of said Sztamenits tract and said occupied northerly line of White Settlement Road, 528.28 feet to the point of intersection of said southerly line and northerly line with a line 10 feet northerly from the north edge of existing pavement of White Settlement Road;

Thence North 87 degrees, 12 minutes, 45 seconds West with said line 10 feet northerly from the north edge of existing White Settlement Road pavement, 444.01 feet;

Thence North 2 degrees, 42 minutes, 10 seconds East, 39.50 feet;
Thence South 86 degrees, 47 minutes, 25 seconds West along the toe of a roadway fill slope, 65.0 feet to a point in an extension of said Tarrant Regional Water District easterly line;

Thence North 30 degrees, 21 minutes West with said extension of Tarrant Regional Water district line, 109.87 feet to the Place of Beginning, and containing 28,463 square feet (0.6520 acre).

**SOLE USE AREA**

Beginning at the northeast corner of said 12.866 acre tract identified as PARCEL 1 above;
Thence South 0 degrees, 06 minutes, 25 seconds West, 90.60 feet;
Thence North 89 degrees, 50 minutes, 10 seconds West, 14.0 feet;
Thence South 0 degrees, 39 minutes, 50 seconds West, 137.90 feet;
Thence South 89 degrees, 52 minutes, 55 seconds East, 93.07 feet;
Thence South 1 degree, 13 minutes, 05 seconds West, 449.75 feet;
Thence North 89 degrees, 57 minutes West, 196.57 feet;
Thence North 74 degrees, 50 minutes, 50 seconds West, 74.896 feet;
Thence North 87 degrees, 12 minutes, 45 seconds West, 145.042 feet;
Thence North, 652.896 feet;
Thence South 89 degrees, 45 minutes, 55 seconds East, 346.00 feet to the Place of Beginning, and containing 6.00 acres (261,360 square feet) within the described area of land.

**SECTION 2.**

That the zoning regulations and districts, as herein established, have been made in accordance with the comprehensive plan for the purpose of promoting the health, safety, morals and general welfare of the community. They have been designed to lessen congestion in the streets; to secure safety from fire, panic, flood and other dangers; to provide adequate light and air; to prevent overcrowding of land; to avoid undue concentration of population; to facilitate the adequate provisions of transportation, water, sewerage, parks and other public requirements. They have been made after full and complete public hearing with reasonable consideration, among other things, of the character of the district and its peculiar suitability for the particular uses and with a view of conserving the value of a building and encouraging the most appropriate use of land throughout the community.

**SECTION 3.**

That this ordinance shall be cumulative of all other ordinances of the City of Fort Worth affecting zoning and shall not repeal any of the provisions of such ordinances, except in those instances where provisions of such ordinances are in direct conflict with the provisions of this ordinance.
SECTION 4.

That all rights or remedies of the City of Fort Worth, Texas, are expressly saved as to any and all violations of Ordinance Nos. 3011, 13896 or any amendments thereto that have accrued at the time of the effective date of this ordinance; and as to such accrued violations, and all pending litigation, both civil or criminal, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

SECTION 5.

It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared void, ineffective or unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such voidness, ineffectiveness or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this ordinance, since the same would have been enacted by the City Council without the incorporation herein of any such void, ineffective or unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 6.

That any person, firm or corporation who violates, disobeys, omits, neglects or refuses to comply with or who resists the enforcement of any of the provisions of this ordinance shall be fined not more than Two Thousand Dollars ($2,000.00) for each offense. Each day that a violation is permitted to exist shall constitute a separate offense.

SECTION 7.

That the City Secretary of the City of Fort Worth, Texas is hereby directed to publish this ordinance for two (2) days in the official newspaper of the City of Fort Worth, Texas, as authorized by V.T.C.A. Local Government Code Subsection 52.013.

SECTION 8.

That this ordinance shall take effect upon adoption and publication as required by law.

APPROVED AS TO FORM AND LEGALITY:

Melinda Ramos, Sr. Assistant City Attorney
Sr. Assistant City Attorney

Mary J. Kayser,
City Secretary

Adopted: May 3, 2016

Effective: May 26, 2016
NOTES:

1. Block 62 Lot 25, Block 62 Lot 2/1, Block 62 Lot 1/45 owned by PCI Grand Ave, LLC.

2. Nine spaces for the day office will be double counted for evening and weekend requests for all events.

3. All signage will conform to lighting code.

4. All signage will comply with Article 4, Signs.

5. Will comply with Section 6.3.01 Landscape.

6. Will comply with Section 6.2.2 Urban Forestry.

LLEE AVENUE

GRAND AVENUE
(ROW Varies)

(asphalt pavement)

LOT 2 + BLOCK 62
Z = EX

RECEIVED
MARCH 23, 2018
BY:

DIRECTOR OF PLANNING DEVELOPMENT
DATE:

SITE PLAN FOR ZC16-076

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502 GRAND AVENUE | SITE PLAN
FT WORTH, TX 817.945.0373
GENERAL DEVELOPMENT NOTES

BUILDINGS AND STRUCTURES

TOTAL FLOOR AREAS

PHASE ONE
38,660 SF STORAGE
1,500 SF OFFICE

PHASE TWO
19,910 SF STORAGE

TOTAL
58,570 SF STORAGE TOTAL
60,170 SF GROSS FLOOR AREA

STORAGE UNITS ONE STORY, 8' HT. METAL CONSTRUCTION UNLESS NOTED OTHERWISE
OFFICE TWO STORY, 18'-6" WALL HT. STONE MASONRY VENEER AND HORIZONTAL SIDING EXTERIOR, ON SITE MANAGEMENT LIVING QUARTERS UPPER LEVEL

STREETS, PARKING, DRIVE

ALL INTERNAL DRIVES AND PARKING TO BE CONCRETE

DUMPSTERS/AIR CONDITIONERS

SCREENED TRASH CONTAINER AS SHOWN
AC COMPRESSOR(S) AT OFFICE GROUND MOUNTED ON NORTH SIDE OF BUILDING
MASONRY SCREENING FENCE, 6 FT TALL LOCATED ALONG PROPERTY PERIMETER AS SHOWN AND TRASH CONTAINER

LAND USE AND ZONING

AL USU IN EXISTING "E" ZONING PLUS PD WITH SITE PLAN FOR MINIWAREHOUSE USE ONLY
AREA LIGHTING
ALL SIGNAGE WILL CONFORM TO CITY OF FT WORTH LIGHTING CODE

SIGN

ALL SIGNAGE WILL CONFORM TO ARTICLE 4, SIGNS.

SETBACKS AND EASEMENTS

ALL PROPOSED SETBACKS AS SHOWN ON SITE PLAN EASEMENTS NECESSARY AND SUFFICIENT FOR UTILITY, DRAINAGE, OR OTHER EASEMENTS WILL BE INCLUDED UPON PLATTING OF PROPERTY

LANDSCAPE REGARDING SECTIONS 6,301 AND 6,302 SHALL BE AS SHOWN, CONSOLIDATED TO WHITE SETTLEMENT FRONTAGE

CONCEPT IMAGE BUSINESS OFFICE

SITE PLAN

SCALE: 1" = 40.0'

DATE: MARCH 11, 2016

200 ACADEMY BOULEVARD
RE: SURVEY FOR LEGAL DESCRIPTION

LOCATION MAP

NOTE

ALL INTERNAL LIGHTING SHALL BE SHIELDED AND NOT INTRUDE INTO ADJACENT "A-5" ZONE BUSINESS OFFICE HOURS OF OPERATION SHALL BE 8 AM TO 5 PM, WITH RESTRICTED ACCESS FOR TENANTS TO UNITS 7 AM TO 10 PM

TOWN AND COUNTRY STORAGE

220 NORTH ACADEMY BOULEVARD

BLUE MOON ARCHITECTURE, LLC

DIRECTOR OF PLANNING AND DEVELOPMENT

DATE

DEVELOPMENT PROJECT TITLE

TOWN AND COUNTRY STORAGE

ZONING CASE NO. ZC - 16 - 077
This map complies with FEMA’s standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA’s basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/23/2019 at 2:11:15 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.
February 15, 2019

Churchill Residential Inc.
BVillanueva@cri.biz

Attention: Becky Villanueva, Real Estate Associate, via email

Subject: LNU-Farmland Protection
Proposed Churchill at Golden Triangle Project
NEPA/FPPA Evaluation
City of Fort Worth, Tarrant County, Texas

We have reviewed the information provided in your correspondence dated February 4, 2019 concerning the proposed multifamily development project located in the City of Fort Worth, Tarrant County, Texas. This review is part of the National Environmental Policy Act (NEPA) evaluation for the U.S. Department of Housing and Urban Development (HUD). We have evaluated the proposed site as required by the Farmland Protection Policy Act (FPPA).

The proposed site may involve areas of Prime Farmland; however, we consider the location to be “land committed to urban development” due to its location within the city limits of Fort Worth, Texas. Additionally, the project site location is included within an area of land with a density of 30 structures per 40-acre area. Due to these reasons, this project is exempt from provisions of FPPA. We strongly encourage the use of acceptable erosion control methods during the construction of this project.

If you have further questions, please contact me at 254.742.9836 or by email at Carlos.Villarreal@usda.gov (Preferred).

Sincerely,

CARLOS VILLARREAL
NRCS Soil Scientist

Attachment: NA
The soil surveys that comprise your AOI were mapped at 1:20,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL: Coordinate System: Web Mercator (EPSG:3857)
Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Tarrant County, Texas
Survey Area Data: Version 16, Sep 16, 2018
Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Oct 29, 2016—Nov 29, 2017

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.
Farmland Classification

<table>
<thead>
<tr>
<th>Map unit symbol</th>
<th>Map unit name</th>
<th>Rating</th>
<th>Acres in AOI</th>
<th>Percent of AOI</th>
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</thead>
<tbody>
<tr>
<td>57</td>
<td>Ponder clay loam, 1 to 3 percent slopes</td>
<td>All areas are prime farmland</td>
<td>4.6</td>
<td>100.0%</td>
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<tr>
<td>Totals for Area of Interest</td>
<td></td>
<td></td>
<td>4.6</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Description

Farmland classification identifies map units as prime farmland, farmland of statewide importance, farmland of local importance, or unique farmland. It identifies the location and extent of the soils that are best suited to food, feed, fiber, forage, and oilseed crops. NRCS policy and procedures on prime and unique farmlands are published in the "Federal Register," Vol. 43, No. 21, January 31, 1978.

Rating Options

Aggregation Method: No Aggregation Necessary

Tie-break Rule: Lower
PART 2
DEVELOPMENT SITE

TAB 8
SITE INFORMATION SUPPORTING DOCUMENTS I

Statement how proposed site:

- promotes greater choice housing opportunities
- avoids undue concentration of assisted persons in LI areas

The proposed site will promote greater housing opportunities by:
- Giving residents of Ft. Worth the option of moving into a rental low-rise development for families instead of having to lease or own traditional single-family homes.
- Additionally, the family will have the ability to rely upon family-oriented services made available by the development.
- This multi-family development will have exercise facilities and other activities not readily available to families in single family housing.
- Average market rent for market rate apartments in 76177 zip code is $1,341 or $1.44 per square foot.

The proposed site avoids undue concentration of low-income households.
- This family development will be in the midst of the dynamic North Fort Worth housing and employment growth corridor. This site is surrounded by retail, office, entertainment and median-income family market demand. Highways and roadways have recently been expanded to promote and support the activity in this area.
- The poverty rate in the area is only 3%.
- Median income is greater than the county median income.
- Surrounding schools are rated by TEA as MET STANDARD.
- No LIHTC communities are located in this census tract 48439113922.

In addition, the proposed site in Ft. Worth is situated in an area especially conducive to families.
- Quality retail and restaurants are located all around the site.
- Albertsons Grocery and Pharmacy is just 5 minutes away from the site.
- The site is within minutes from Alliance Airport. Within the Alliance Master Planned Development there are 44,000 jobs. It has been confirmed a good majority of those jobs are for people that are income qualified for Churchill at Golden Triangle Community.
- The site has excellent access to high-performing hospitals, medical and all related services due to its proximity to I35W.

Census Data on following page.
### Sex and Age

<table>
<thead>
<tr>
<th>Subject</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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<tr>
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<td>75 to 79 years</td>
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<tr>
<td>80 to 84 years</td>
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<td>85 years and over</td>
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<tr>
<td>Median age (years)</td>
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### Male Population

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<td>25 to 29 years</td>
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<td>35 to 39 years</td>
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<td>40 to 44 years</td>
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<td>45 to 49 years</td>
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<td>55 to 59 years</td>
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<td>60 to 64 years</td>
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<tr>
<td>Subject</td>
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<td>Percent</td>
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<tr>
<td>-------------------------</td>
<td>--------</td>
<td>---------</td>
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<tr>
<td>65 to 69 years</td>
<td>164</td>
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<td>70 to 74 years</td>
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<tr>
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Median age (years) 31.2 (X)

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<td>16 years and over</td>
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<td>18 years and over</td>
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<td>65 years and over</td>
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</table>

Female population 9,126 51.3

| Under 5 years           | 972    | 5.5     |
| 5 to 9 years            | 985    | 5.5     |
| 10 to 14 years          | 863    | 4.9     |
| 15 to 19 years          | 503    | 2.8     |
| 20 to 24 years          | 347    | 2.0     |
| 25 to 29 years          | 649    | 3.6     |
| 30 to 34 years          | 988    | 5.6     |
| 35 to 39 years          | 1,042  | 5.9     |
| 40 to 44 years          | 815    | 4.6     |
| 45 to 49 years          | 569    | 3.2     |
| 50 to 54 years          | 383    | 2.2     |
| 55 to 59 years          | 307    | 1.7     |
| 60 to 64 years          | 296    | 1.7     |
| 65 to 69 years          | 191    | 1.1     |
| 70 to 74 years          | 110    | 0.6     |
| 75 to 79 years          | 43     | 0.2     |
| 80 to 84 years          | 35     | 0.2     |
| 85 years and over       | 28     | 0.2     |

Median age (years) 31.4 (X)

| 16 years and over       | 6,185  | 34.8    |
| 18 years and over       | 5,963  | 33.5    |
| 21 years and over       | 5,737  | 32.3    |
| 62 years and over       | 584    | 3.3     |
| 65 years and over       | 407    | 2.3     |

RACE

<p>| Total population       | 17,787 | 100.0 |
| One Race               | 17,174 | 96.6  |
| White                  | 13,543 | 76.1  |
| Black or African American | 1,389   | 7.8   |
| American Indian and Alaska Native | 98   | 0.6   |
| Asian                  | 1,305  | 7.3   |
| Asian Indian           | 240    | 1.3   |
| Chinese                | 102    | 0.6   |
| Filipino               | 141    | 0.8   |
| Japanese               | 26     | 0.1   |
| Korean                 | 91     | 0.5   |
| Vietnamese             | 401    | 2.3   |
| Other Asian [1]        | 304    | 1.7   |
| Native Hawaiian and Other Pacific Islander | 31   | 0.2   |
| Native Hawaiian        | 11     | 0.1   |
| Guamanian or Chamorro  | 3      | 0.0   |
| Samoan                 | 7      | 0.0   |</p>
<table>
<thead>
<tr>
<th>Subject</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Pacific Islander [2]</td>
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</tr>
<tr>
<td>White; American Indian and Alaska Native [3]</td>
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<tr>
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<tr>
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Race alone or in combination with one or more other races: [4]

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<tr>
<th>Race alone or in combination with one or more other races: [4]</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
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<tr>
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HISPANIC OR LATINO

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<th>Percent</th>
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</thead>
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<tr>
<td>Hispanic or Latino (of any race)</td>
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<tr>
<td>Puerto Rican</td>
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<tr>
<td>Cuban</td>
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<td>Other Hispanic or Latino [5]</td>
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</tr>
<tr>
<td>Not Hispanic or Latino</td>
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<td>83.4</td>
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HISPANIC OR LATINO AND RACE

<table>
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<tr>
<th>HISPANIC OR LATINO AND RACE</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>17,787</td>
<td>100.0</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>2,946</td>
<td>16.6</td>
</tr>
<tr>
<td>White alone</td>
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</tr>
<tr>
<td>Black or African American alone</td>
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</tr>
<tr>
<td>American Indian and Alaska Native alone</td>
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<td>0.2</td>
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<tr>
<td>Asian alone</td>
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<td>0.1</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander alone</td>
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<td>0.0</td>
</tr>
<tr>
<td>Some Other Race alone</td>
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</tr>
<tr>
<td>Two or More Races</td>
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<td>1.1</td>
</tr>
<tr>
<td>Not Hispanic or Latino</td>
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RELATIONSHIP

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<th>Percent</th>
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</tr>
<tr>
<td>In households</td>
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<td>Spouse [6]</td>
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<td>Child</td>
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<tr>
<td>Own child under 18 years</td>
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<tr>
<td>Other relatives</td>
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<td>Under 18 years</td>
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<td>In group quarters</td>
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<tr>
<td>Subject</td>
<td>Number</td>
<td>Percent</td>
</tr>
<tr>
<td>--------------------------------------</td>
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<tr>
<td>Institutionalized population</td>
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<td>0.0</td>
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<tr>
<td>Female</td>
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<td>0.0</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**HOUSEHOLDS BY TYPE**

| Total households                     | 5,609  | 100.0  |
| Family households (families) [7]     | 4,674  | 83.3   |
| With own children under 18 years     | 3,112  | 55.5   |
| Husband-wife family                  | 3,910  | 69.7   |
| With own children under 18 years     | 2,599  | 46.3   |
| Male household, no wife present      | 218    | 3.9    |
| With own children under 18 years     | 146    | 2.6    |
| Female householder, no husband present | 546    | 9.7    |
| With own children under 18 years     | 367    | 6.5    |
| Householder living alone             | 731    | 13.0   |
| Male                                 | 330    | 5.9    |
| 65 years and over                    | 34     | 0.6    |
| Female                               | 401    | 7.1    |
| 65 years and over                    | 98     | 1.7    |

| Housesholds with individuals under 18 years | 3,286  | 58.6   |
| Housesholds with individuals 65 years and over | 560    | 10.0   |

| Average household size               | 3.17   | ( X )  |
| Average family size [7]              | 3.50   | ( X )  |

**HOUSING OCCUPANCY**

| Total housing units                  | 5,906  | 100.0  |
| Occupied housing units               | 5,609  | 95.0   |
| Vacant housing units                 | 297    | 5.0    |
| For rent                             | 150    | 2.5    |
| Rented, not occupied                 | 4      | 0.1    |
| For sale only                        | 90     | 1.5    |
| Sold, not occupied                   | 12     | 0.2    |
| For seasonal, recreational, or occasional use | 6  | 0.1    |
| All other vacant                     | 35     | 0.6    |

| Homeowner vacancy rate (percent) [8] | 1.9    | ( X )  |
| Rental vacancy rate (percent) [9]   | 13.5   | ( X )  |

**HOUSING TENURE**

| Occupied housing units               | 5,609  | 100.0  |
| Owner-occupied housing units         | 4,651  | 82.9   |
| Population in owner-occupied housing units | 14,935 | ( X ) |
| Average household size of owner-occupied units | 3.21 | ( X ) |
| Renter-occupied housing units        | 958    | 17.1   |
| Population in renter-occupied housing units | 2,852 | ( X ) |
| Average household size of renter-occupied units | 2.98 | ( X ) |

X Not applicable.

[1] Other Asian alone, or two or more Asian categories.
[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.
[4] In combination with one or more of the other races listed. The six numbers may add to more than the total population, and the six
percentages may add to more than 100 percent because individuals may report more than one race.

[5] This category is composed of people whose origins are from the Dominican Republic, Spain, and Spanish-speaking Central or South American countries. It also includes general origin responses such as “Latino” or “Hispanic.”

[6] “Spouse” represents spouse of the householder. It does not reflect all spouses in a household. Responses of “same-sex spouse” were edited during processing to “unmarried partner.”

[7] “Family households” consist of a householder and one or more other people related to the householder by birth, marriage, or adoption. They do not include same-sex married couples even if the marriage was performed in a state issuing marriage certificates for same-sex couples. Same-sex couple households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex couple households with no relatives of the householder present are tabulated in nonfamily households. “Nonfamily households” consist of people living alone and households which do not have any members related to the householder.

[8] The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant “for sale.” It is computed by dividing the total number of vacant units “for sale only” by the sum of owner-occupied units, vacant units that are “for sale only,” and vacant units that have been sold but not yet occupied; and then multiplying by 100.

[9] The rental vacancy rate is the proportion of the rental inventory that is vacant “for rent.” It is computed by dividing the total number of vacant units “for rent” by the sum of the renter-occupied units, vacant units that are “for rent,” and vacant units that have been rented but not yet occupied; and then multiplying by 100.

Source: U.S. Census Bureau, 2010 Census.
## Profile of General Population and Housing Characteristics: 2010

### 2010 Census Summary File 1

NOTE: For information on confidentiality protection, nonsampling error, and definitions, see http://www.census.gov/prod/cen2010/doc/sf1.pdf.

**Geography: Fort Worth city; Dallas-Fort Worth-Arlington, TX Metro Area; Texas**

<table>
<thead>
<tr>
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<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Total population</td>
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<td>15 to 19 years</td>
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<td>62,232</td>
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<td>30 to 34 years</td>
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<td>35 to 39 years</td>
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<td>40 to 44 years</td>
<td>51,346</td>
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<td>45 to 49 years</td>
<td>48,987</td>
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**RACE**

<p>| Total population       | 741,206| 100.0 |
| One Race               | 718,239| 96.9  |
| <strong>White</strong>              | 452,885| 61.1  |
| <strong>Black or African American</strong> | 140,133| 18.9  |
| <strong>American Indian and Alaska Native</strong> | 4,762 | 0.6   |
| <strong>Asian</strong>              | 27,615 | 3.7   |
| <strong>Asian Indian</strong>       | 4,733  | 0.6   |
| <strong>Chinese</strong>            | 1,964  | 0.3   |
| <strong>Filipino</strong>           | 2,468  | 0.3   |
| <strong>Japanese</strong>           | 520    | 0.1   |
| <strong>Korean</strong>             | 2,048  | 0.3   |
| <strong>Vietnamese</strong>         | 7,605  | 1.0   |
| <strong>Other Asian [1]</strong>    | 8,277  | 1.1   |
| <strong>Native Hawaiian and Other Pacific Islander</strong> | 746 | 0.1 |
| <strong>Native Hawaiian</strong>    | 180    | 0.0   |
| <strong>Guamanian or Chamorro</strong> | 153    | 0.0   |
| <strong>Samoa</strong>              | 89     | 0.0   |</p>
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<td>In households</td>
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<td>In group quarters</td>
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Institutionalized population
8,117 1.1
Male
4,660 0.6
Female
3,457 0.5
Noninstitutionalized population
5,860 0.8
Male
2,923 0.4
Female
2,937 0.4

HOUSEHOLDS BY TYPE
Total households
262,652 100.0
Family households (families) [7]
176,923 67.4
With own children under 18 years
95,916 36.5
Husband-wife family
122,158 46.5
With own children under 18 years
64,734 24.6
Male householder, no wife present
14,602 5.6
With own children under 18 years
7,314 2.8
Female householder, no husband present
40,163 15.3
With own children under 18 years
23,868 9.1
Nonfamily households [7]
85,729 32.6
Householder living alone
69,613 26.5
Male
32,445 12.4
65 years and over
4,995 1.9
Female
37,168 14.2
65 years and over
12,374 4.7
Households with individuals under 18 years
107,728 41.0
Households with individuals 65 years and over
45,740 17.4
Average household size
2.77 (X)
Average family size [7]
3.41 (X)

HOUSING OCCUPANCY
Total housing units
291,086 100.0
Occupied housing units
262,652 90.2
Vacant housing units
28,434 9.8
For rent
15,756 5.4
Rented, not occupied
542 0.2
For sale only
3,990 1.4
Sold, not occupied
646 0.2
For seasonal, recreational, or occasional use
1,085 0.4
All other vacant
6,415 2.2
Homeowner vacancy rate (percent) [8]
2.5 (X)
Rental vacancy rate (percent) [9]
12.8 (X)

HOUSING TENURE
Occupied housing units
262,652 100.0
Owner-occupied housing units
155,420 59.2
Population in owner-occupied housing units
458,312 (X)
Average household size of owner-occupied units
2.95 (X)
Renter-occupied housing units
107,232 40.8
Population in renter-occupied housing units
268,917 (X)
Average household size of renter-occupied units
2.51 (X)

X Not applicable.
[1] Other Asian alone, or two or more Asian categories.
[2] Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.
[4] In combination with one or more of the other races listed. The six numbers may add to more than the total population, and the six percentages may add to more than 100 percent because individuals may report more than one race.
This category is composed of people whose origins are from the Dominican Republic, Spain, and Spanish-speaking Central or South American countries. It also includes general origin responses such as "Latino" or "Hispanic."

"Spouse" represents spouse of the householder. It does not reflect all spouses in a household. Responses of "same-sex spouse" were edited during processing to "unmarried partner."

"Family households" consist of a householder and one or more other people related to the householder by birth, marriage, or adoption. They do not include same-sex married couples even if the marriage was performed in a state issuing marriage certificates for same-sex couples. Same-sex couple households are included in the family households category if there is at least one additional person related to the householder by birth or adoption. Same-sex couple households with no relatives of the householder present are tabulated in nonfamily households. "Nonfamily households" consist of people living alone and households which do not have any members related to the householder.

The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant "for sale." It is computed by dividing the total number of vacant units "for sale only" by the sum of owner-occupied units, vacant units that are "for sale only," and vacant units that have been sold but not yet occupied; and then multiplying by 100.

The rental vacancy rate is the proportion of the rental inventory that is vacant "for rent." It is computed by dividing the total number of vacant units "for rent" by the sum of the renter-occupied units, vacant units that are "for rent," and vacant units that have been rented but not yet occupied; and then multiplying by 100.

Source: U.S. Census Bureau, Census 2010 Summary File 1, Tables P5, P6, P8, P12, P13, P17, P19, P20, P25, P29, P31, P34, P37, P43, PCT5, PCT8, PCT11, PCT12, PCT19, PCT23, PCT24, H3, H4, H5, H11, H12, and H16.

Source: U.S. Census Bureau, 2010 Census.
### Texas Education Agency

#### 2018 Accountability Ratings Overall Summary

**J LYNDAL HUGHES EL (061911113) - NORTHWEST ISD**

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<td>Graduation Rate</td>
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<td>School Progress</td>
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<td>Academic Growth</td>
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<td>Relative Performance (Eco Dis: 25.8%)</td>
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### Distinction Designations

- **ELA/Reading**: Not Earned
- **Mathematics**: Not Earned
- **Science**: Not Earned
- **Social Studies**: Not Eligible
- **Comparative Academic Growth**: Not Earned
- **Postsecondary Readiness**: Not Earned
- **Comparative Closing the Gaps**: Not Earned

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https://rptsrv1.tea.texas.gov/cgi/sas/broker?_service=marykay&_debug=0&sublevel=camp&single=N&batch=N&app=PUBLIC&ptype=H&title=2018+Ac... 1/1
# Texas Education Agency

## 2018 Accountability Ratings Overall Summary

**JOHN M TIDWELL MIDDLE (061911045) - NORTHWEST ISD**

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## Distinction Designations

- ELA/Reading: Not Earned
- Mathematics: Not Earned
- Science: Not Earned
- Social Studies: Not Earned
- Comparative Academic Growth: Not Earned
- Postsecondary Readiness: Not Earned
- Comparative Closing the Gaps: Earned
## Texas Education Agency

### 2018 Accountability Ratings Overall Summary

BYRON NELSON H S (061911007) - NORTHWEST ISD

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<td>Student Achievement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STAAR Performance</td>
<td>66</td>
<td>92</td>
</tr>
<tr>
<td>College, Career and Military Readiness</td>
<td>73</td>
<td>93</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>97.7</td>
<td>90</td>
</tr>
<tr>
<td>School Progress</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Growth</td>
<td>72</td>
<td>82</td>
</tr>
<tr>
<td>Relative Performance (Eco Dis: 11.8%)</td>
<td>70</td>
<td>76</td>
</tr>
<tr>
<td>Closing the Gaps</td>
<td>87</td>
<td>86</td>
</tr>
</tbody>
</table>

### Distinction Designations

- **ELA/Reading**: Not Earned
- **Mathematics**: Not Earned
- **Science**: Earned
- **Social Studies**: Earned
- **Comparative Academic Growth**: Not Earned
- **Postsecondary Readiness**: Not Earned
- **Comparative Closing the Gaps**: Not Earned
Opportunity Index points are not requested. Part 1 entries are related to Concerted Revitalization Plan. If yes, skip down to select amenities under Urban or Rural, as applicable.

1. **Opportunity Index (Competitive HTC and Direct Loan Applications Only) [10 TAC §11.9(c)(4) and 10 TAC §13.6(1)]**

   - Development Site is located entirely within a census tract that has a poverty rate that is less than 20% or that is less than the median poverty rate for the region, whichever is higher.
   - The census tract has a median household income rate in the two highest quartiles within the region (2 points).
   - The census tract has a median household income in the third quartile within the region, and is contiguous to a census tract in the first or second quartile without physical barriers such as highways or rivers between, and the Development Site is no more than 2 miles from the boundary between the census tracts. A map showing the Development Site, location of the border, scale showing distance, and other applicable evidence is included (1 point).

<table>
<thead>
<tr>
<th>Contiguous Census Tract #</th>
<th>Contiguous Tract Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   Development is Rural or USDA and Development Site is within the required distance of eligible amenities and/or services pursuant to §11.9(c)(4)(B)(ii) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all requirements of the rule, as applicable, is included.

   - health-related facility (1 point)(3 miles)
   - census tract with crime rate of ≤26 per 1k persons (1 point)
   - indoor recreation facility available to public (1 point)
   - delivered meals service (1 point)
   - licensed center serving children (1 point)(2 miles)
   - census tract with ≥27% associate degrees adults ≥25 (1 point)
   - community, civic or service organization (1 point)(1 mile)
   - university or community college (1 point)(5 miles)

   Development is Urban and Development Site is within the required radius of eligible amenities and/or services, pursuant to §11.9(c)(4)(B)(i) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all requirements of the rule, as applicable, is included.

   |                           |                           |
   |                           |                           |

   Development is Rural or USDA and Development Site is within the required distance of eligible amenities and/or services pursuant to §11.9(c)(4)(B)(ii) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all requirements of the rule, as applicable, is included.

   |                           |                           |
   |                           |                           |

   No members of the Applicant or Affiliates had an ownership position in a selected amenity or served on the board or staff of a nonprofit that owned or managed a selected amenity within the year preceding the Pre-Application Final Delivery Date.

   - Application is seeking points for Opportunity Index.
   - Total Points Claimed: 7

   If necessary, provide a brief summary of how the Development Site is justifying the points selected:

2/27/2019
2. **Underserved Area (Competitive HTC and Direct Loan Applications Only) [10 TAC §11.9(c)(5) and 10 TAC §13.6(3)]**

Applications may qualify for up to five (5) points for proposed Developments located in **ONE** of the following areas:

- Wholly or partially within a Colonia (2 points);
  
  (Note: Not eligible if application qualifies for Opportunity Index points)

- Entirely within the boundaries of an Economically Distressed Area (1 point);
  
  (Note: Not eligible if application qualifies for Opportunity Index points)

- Entirely within a census tract that does not have another Development that was awarded less than 30 years ago according to the Department’s property inventory tab of the Site Demographic Characteristics Report (3 points);

- For areas that did not score above, entirely within a census tract that does not have another Development that was awarded less than 15 years ago according to the Department’s property inventory tab of the Site Demographic Characteristics Report (2 points);

- Entirely within a census tract whose boundaries are wholly within an incorporated area and the census tract itself and all of its contiguous census tracts do not have another Development that was awarded less than 15 years ago according to the Department’s property inventory tab of the Site Demographic Characteristics Report. This item will apply in Places with a population of 100,000 or more, and will not apply in the At-Risk Set-Aside (5 points);

- Entirely within a census tract that, according to American Community Survey 5-year Estimates, has both a poverty rate greater than 20% and a median gross rent for a two-bedroom unit greater than its county’s 2016 HUD Fair Market Rent for a two-bedroom unit. This measure is referred to as the Affordable Housing Needs Indicator in the Site Demographic Characteristics Report (2 points);

- An At-risk or USDA Development placed in service 30 or more years ago, that is still occupied, and that has not yet received federal funding, or LIHTC equity, for the purposes of Rehabilitation for the Development (3 points).

<table>
<thead>
<tr>
<th>Contiguous Census Tract #</th>
<th>Contiguous Census Tract #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Application is seeking points for Underserved Area.**

**Total Points Claimed:** [3]

3. **Proximity to the Urban Core (Competitive HTC Applications Only) [10 TAC §11.9(c)(7)]**

- Development Site is located in a Place with a population over 200,000 and is **not** in the At-Risk Set-Aside.
- Population of Place is 200,000-749,999 and Development is located w/in 2 miles of the main municipal government administration building.
- Population of Place is 750,000 or more and Development is located w/in 4 miles of the main municipal government administration building.

**Application is seeking points for Proximity to the Urban Core.**

**Total Points Claimed:** [0]

4. **Concerted Revitalization Plan (Competitive HTC Applications Only) [10 TAC §11.9(d)(7)]**

- Region: [3] Urban
- Application is claiming points for a Concerted Revitalization Plan (“CRP”).
- No points were claimed for Opportunity Index.
- Applicant has selected amenities in the Opportunity Index section and included documentation in the CRP packet.
- The CRP Packet has been completed and uploaded along with but separately from the Application.

**Application is seeking points for Concerted Revitalization.**

**Total Points Claimed:** [0]

5. **Declared Disaster Area Scoring (Competitive HTC Applications ONLY) [10 TAC §11.9(d)(3)]**

- Development is located in an area that qualifies as a Declared Disaster Area as defined in §11.9(d)(3).

**Application is seeking points for Declared Disaster Area.**

**Total Points Claimed:** [10]

2/27/2019
6. **Readiness to Proceed in Disaster Impacted Counties (Competitive HTC Applications ONLY) [10 TAC §11.9(c)(8)]**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Application is for a proposed Development located in a county declared by FEMA to be eligible for individual assistance within two years preceding December 1, 2018.</td>
</tr>
<tr>
<td>2.</td>
<td>Application includes a certification that the Applicant will close all financing on or before the last business day in November, 2019.</td>
</tr>
<tr>
<td>3.</td>
<td>Application includes acknowledgement from all lenders and the syndicator of the required closing date.</td>
</tr>
<tr>
<td>4.</td>
<td>Application includes a certification that the Applicant will fully execute the construction contract on or before the last business day in November, 2019.</td>
</tr>
<tr>
<td>5.</td>
<td>Application includes evidence that appropriate zoning will be in place at award.</td>
</tr>
<tr>
<td>6.</td>
<td>Application includes a DETAILED narrative description of each piece of evidence provided that is not specifically requested and how that evidence proves that the Applicant will have appropriate zoning at award and will close all financing and fully execute the construction contract on or before the last business day of November, 2019.</td>
</tr>
<tr>
<td>7.</td>
<td>Applicant understands that failure to close all financing and/or fully execute the construction contract on or before the last business day in November, 2019 will result in penalty under 10 TAC §11.9(f), as determined solely by the Board.</td>
</tr>
</tbody>
</table>

**Application is seeking points for Readiness to Proceed.**

**Total Points Claimed:** 0
### Supporting Documentation for the Site Information Form Part II

<table>
<thead>
<tr>
<th>Document Type</th>
<th>Proof of Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Index (Competitive HTC and Direct Loan Only)</td>
<td>Map with Development Site boundaries indicated, relative to census tract boundaries</td>
</tr>
<tr>
<td></td>
<td>n/a Map with Development Site boundaries indicated, relative to census tract boundaries; and contiguous census tract with evidence of no physical barriers between the tracts</td>
</tr>
<tr>
<td></td>
<td>Map(s) of Community Assets with Development, radius, and each asset labeled</td>
</tr>
<tr>
<td></td>
<td>Distances are measured from the nearest boundary of the Development Site to the nearest boundary of the property or easement containing the facility, unless otherwise noted. All measurements include ingress/egress and any easements</td>
</tr>
<tr>
<td></td>
<td>For each amenity, supporting documentation to evidence how the amenity meets each requirement of the rules. NOTE: Per the rule, regular and recurring substantive services provided by community, civic or service organization must be beyond exclusively congregational or member-affiliated activities. For this item, you must evidence the organization's service activity in the community.</td>
</tr>
<tr>
<td></td>
<td>Print-out from DFPS website confirming daycare licensed to serve relevant age groups</td>
</tr>
<tr>
<td></td>
<td>Crime rate information for census tract from Neighborhood Scout or local data source dated after October 1, 2018, including the computation used to determine the crime rate</td>
</tr>
<tr>
<td></td>
<td><a href="https://www.neighborhoodscout.com">https://www.neighborhoodscout.com</a></td>
</tr>
<tr>
<td></td>
<td>Print-out from THECB website confirming accreditation of university or community college</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.txhighereddata.org/Interactive/Institutions.cfm">http://www.txhighereddata.org/Interactive/Institutions.cfm</a></td>
</tr>
<tr>
<td></td>
<td>Evidence amenity is operational or has started site work (for instance: website postings, news paper ads, etc.); evidence of costs or membership fees, age restrictions, as applicable</td>
</tr>
<tr>
<td>Evidence of Underserved Area (Competitive HTC and Direct Loan Only)</td>
<td>n/a For Colonia:</td>
</tr>
<tr>
<td></td>
<td>Evidence from Attorney General of Colonia boundaries; and</td>
</tr>
<tr>
<td></td>
<td><a href="https://www.texasattorneygeneral.gov/cpd/colonias">https://www.texasattorneygeneral.gov/cpd/colonias</a></td>
</tr>
<tr>
<td></td>
<td>Letter from the appropriate local government official or other evidence that the colonia lacks infrastructure and the Development will enable the current dwellings to connect to such infrastructure; and</td>
</tr>
<tr>
<td></td>
<td>Map showing development site boundaries, relative to Colonia boundaries, and distance from Rio Grande river border.</td>
</tr>
<tr>
<td></td>
<td>n/a For Economically Distressed Areas:</td>
</tr>
<tr>
<td></td>
<td>A letter or correspondence from Texas Water Development Board indicating the boundaries of the EDA; and</td>
</tr>
<tr>
<td></td>
<td>Map showing development site boundaries, relative to EDA boundaries.</td>
</tr>
<tr>
<td></td>
<td>n/a For other items:</td>
</tr>
<tr>
<td></td>
<td>Development must be awarded 2004 or earlier for 15-year threshold and 1988 or earlier for 30-year threshold, as listed in the &quot;Board Approval&quot; column of the Property Inventory tab of the Site Demographic Characteristics Report posted on the Department's website at</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm">http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm</a></td>
</tr>
<tr>
<td></td>
<td>Map with Development Site boundaries indicated, relative to census tract boundaries</td>
</tr>
<tr>
<td></td>
<td>n/a Map with census tract boundaries indicated, relative to boundaries of incorporated area, if applicable.</td>
</tr>
<tr>
<td></td>
<td>n/a Map with all contiguous census tracts, if applicable</td>
</tr>
<tr>
<td></td>
<td>n/a Proximity to Urban Core (Competitive HTC Only)</td>
</tr>
<tr>
<td></td>
<td>Map with the appropriate radius, City Hall location, and evidence of meetings regularly scheduled for City Council, City Commission, or similar governing body.</td>
</tr>
</tbody>
</table>

2/27/2019
Concerted Revitalization Plan (Competitive HTC Only)

CRP Packet is uploaded along with but separate from the Application.

Declared Disaster Area:

- The county in which the Development Site is located is listed on the 2019 List of Declared Disaster Areas (no further documentation is required).
  The List of Declared Disaster Areas is posted on the Department’s website at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm

- Applicant believes the county in which the Development Site is located was omitted from the list and should be listed. Application includes evidence that the Development Site is located in an area declared to be a disaster area under Tex. Gov’t Code §418.014 at any time within the two-year period preceding the date of Application submission.

Readiness to Proceed

- Evidence Development Site is located is in a county declared by FEMA to be a disaster area eligible for individual assistance in the last calendar year (only required if county is not included on the list and Applicant believes it should be).

- Certification for closing

- Acknowledgement(s) of closing date from lenders and syndicator

- Certification for construction contract

- Evidence that appropriate zoning will be in place at award (July 25, 2019).

  Each piece of evidence provided that is not listed above must be accompanied by a detailed narrative describing how that piece of evidence will allow the Applicant to meet the requirements.
Churchill at Golden Triangle Community
Site Amenity List

**Health Related -.54 Mile**
Texas Health Harris Methodist Hospital
10864 Texas Health Trail
Fort Worth, TX 76244
(682) 212-2000

**Child Care .71 Mile**
Little Sprouts
13105 Harmon Road
Fort Worth, TX 76177-6532
(817) 439-8425

**Community/Civic Organization -.08 Mile**
The Met Church
11301 N. Riverside Drive
Fort Worth, TX 76244
817-379-4638

**Indoor Public Recreation -.80 Mile**
CrossFit817
12803 Harmon Road Building A
Fort Worth, TX 76177
817-431-1155

**Meals On Wheels Program**
Meals On Wheels of Tarrant County
5740 Airport Freeway
Fort Worth, TX 76117
817-336-0912

**University or Community College - 2.68 Mile**
Tarrant County Community College
Erma C. Johnson Hadley Northwest Center
2301 Horizon Drive
Fort Worth, TX 76177
817-515-7100

Census Tract Crime Rate
CT 48439113922 - 15.69% per 1000 persons (Neighborhood Scout)

Educational Attainment
55.71% of Adults 25+ with an Associates Degree (Site Demographics)
Welcome

Please let us know what we can do to make your stay or visit more comfortable.

Complimentary Wi-Fi access is available (THRguest network – no password required).

Visiting Hours

Patients may receive visitors at any time (specialty units may have some variation). Please check with the nurse regarding specific unit visiting hours and quiet time guidelines, or if you have any special needs or requests.

Dining Options

Room Service – 7 a.m. – 7 p.m., seven days per week. To place an order from a patient room, dial ext. 3663; if using an outside phone line, dial 682-212-3663. Food is prepared when ordered and delivered to the patient’s room within one hour (this service is not available for those in the Emergency Department). Visitors may order trays for $10, payable by credit card.

Allianz Café – second floor
Monday – Friday
7:30 – 10 a.m. and 11 a.m. – 2:30 p.m.

Coffee Shop – first floor
Monday – Friday
7 – 10 a.m. and 1 – 2 p.m.

Fresh Market Café – located on the first floor of the hospital. Available at all times, the Fresh Market Café offers traditional vending options along with fresh fruit, sandwiches and healthy snacks. Credit and debit cards are accepted. Fresh flowers may also be purchased (payment by credit card only).

Chapel
People of all faiths are welcome to use the chapel, located on the first floor of the hospital. If you need a chaplain, please ask the nurse or call 682-212-2565.

Email a Patient
To send a message, log on to TexasHealth.org, and click on Contact and Connect.

Language Services
Texas Health offers language assistance services to you at no cost. Please ask your care team for assistance.

Tobacco-Free Policy
All Texas Health campuses are tobacco-free (including e-cigarettes). This policy applies to all patients, employees, visitors and physicians on the medical staff.

Nondiscrimination Statement
Texas Health complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.

For more information, visit TexasHealth.org/Alliance.
Free parking is available for all patients and visitors on the Texas Health Alliance campus.

Taxis are available through Keller Taxi Services, 817-391-1203.
Physicians on the medical staff represent most major specialties and Texas Health Harris Methodist Hospital Alliance offers a broad range of services, including breast surgery, cosmetic surgery, emergency medicine, gastroenterology, general medicine, interventional radiology, neonatology, obstetrics and gynecology, orthopedics, outpatient procedures, physical therapy, radiology, and urology.
Child Care Search Result Details

Operation Details
You may click on the question mark image (?) to view the Frequently Asked Questions (FAQ) page.

<table>
<thead>
<tr>
<th>Operation Number:</th>
<th>1481266</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation Type:</td>
<td>Licensed Center</td>
</tr>
<tr>
<td>Program Provided:</td>
<td>Child Care Program</td>
</tr>
<tr>
<td>Operation/Caregiver Name:</td>
<td>Little Sprouts Preschool</td>
</tr>
<tr>
<td>Location Address:</td>
<td>13105 HARMON RD FORT WORTH, TX 76177</td>
</tr>
<tr>
<td>Mailing Address:</td>
<td>13105 HARMON RD FORT WORTH, TX 76177</td>
</tr>
<tr>
<td>Phone Number:</td>
<td>817-439-8425</td>
</tr>
<tr>
<td>County:</td>
<td>TARRANT</td>
</tr>
<tr>
<td>Administrator/Center Name:</td>
<td>Tracie Fuhrmann</td>
</tr>
<tr>
<td>Type of Issuance:</td>
<td>Full Permit</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>8/31/2012</td>
</tr>
<tr>
<td>Permit Renewal Due By Date:</td>
<td>8/31/2020</td>
</tr>
<tr>
<td>Conditions on Permit:</td>
<td>No</td>
</tr>
<tr>
<td>Accepts Child-Care Subsidies:</td>
<td>No</td>
</tr>
<tr>
<td>Hours of Operation:</td>
<td>08:00 AM - 04:30 PM</td>
</tr>
<tr>
<td>Days of Operation:</td>
<td>Mon, Tues, Thurs</td>
</tr>
<tr>
<td>Total Capacity:</td>
<td>125</td>
</tr>
<tr>
<td>Licensed to Serve Ages:</td>
<td>Infant, Toddler, Pre-Kindergarten, School</td>
</tr>
<tr>
<td>Total Capacity:</td>
<td>125</td>
</tr>
<tr>
<td>Number Of Admin Penalties:</td>
<td>0</td>
</tr>
<tr>
<td>Corrective Action:</td>
<td>No</td>
</tr>
<tr>
<td>Adverse Action:</td>
<td>No</td>
</tr>
<tr>
<td>Temporarily Closed:</td>
<td>No</td>
</tr>
</tbody>
</table>

Three Year Inspection Summary
- Inspectors routinely monitor compliance with Licensing standards, rules and law. At a minimum, licensed and certified operations are inspected at least once a year; Registered Child Care Homes (?) are inspected at least once every two years, Listed Family Homes (?) are inspected only if there is a report of abuse/neglect or if we receive a report that the home is caring for too many children.

- When operations have serious deficiencies or a significant number of deficiencies, repeat deficiencies, or fail to make corrections timely, they are inspected more frequently by licensing staff, to ensure the health and safety of children in care.

- In the last three years, Licensing conducted the following:
5 - Inspections
0 - Assessments
0 - Self Reported Incidents
1 - Reports

Click on the inspection type to see additional details related to each inspection.

- There are many standards that an operation must comply with; the total number varies for each type of operation. An operation or home is generally given an opportunity to correct deficiencies and has the right to request a review of a deficiency. Deficiencies pending review are not included in the two year history.

Three Year Compliance Summary
- During the last three years, 2827 standards were evaluated for compliance at this operation.

- Of the standards evaluated, 6 deficiencies were cited.

Click on the number of deficiencies to see additional details.

- Each standard is assigned a weight. The weight ensures all inspectors consider standard violations in the same way, and represents the potential impact a deficiency might have on children. Review the inspection reports to learn more about each citation. It's important to remember; weights are not assigned to an individual operation, inspection, or circumstance and are not intended to result in a ranking of operations or score.

- The weights of the standard deficiencies cited in the past three years are as follows:

  1 was weighted as **High**
  2 were weighted as **Medium - High**
  3 were weighted as **Medium**
  0 were weighted as **Medium - Low**
  0 were weighted as **Low**

Click on the weight to see additional details about each deficiency.

Disclaimer: The online compliance history includes only information after January 1, 2002. In addition, the online compliance history does not include minimum standard violations or corrective or adverse actions until after the child-care operation has had due process or waived its rights. For compliance history prior to January 1, 2002 or history with pending due process, please contact your local licensing office. Child-Care Licensing disclaims liability for any errors or omissions from the compliance history information.

Website and Email addresses are based on information given to DFPS by the Operation/Caregiver. If you experience problems with these addresses please contact the Operation/Caregiver.
About Little Sprouts

Founded in 2004, our school's foundation is built on God's provision and sustained by the families who passionately seek the challenge of academic rigor and spiritual depth. Little Sprouts preschool provides a quality environment that inspires young children to grow in accordance with our mission. Serving children 12 months to Pre-K 5, our students enjoy hands-on learning in a fun and stimulating educational setting. Little Sprouts Preschool is devoted to providing quality experiences in learning and development for children. Our nurturing and skilled staff strive to honor children's uniqueness and foster a deep love for learning.

**OUR PHILOSOPHY**

"Jesus grew in wisdom and stature and in favor with God and men." Luke 2:52 NIV

We seek to help children grow mentally (wisdom), physically (stature), spiritually (favor with God), and socially (favor with men) in a based on a purely biblical worldview.

Our educational philosophy is based on sound research and principles. We adhere to specific criteria for optimum learning environments as established by the NAEYS (National Association for the Education of Young Children). We work within the framework of developmental stages, employing age appropriate activities, and strive to impart a lifelong love of learning.

**A PROGRAM OF EXCELLENCE**

- Highly trained professional staff
- Outstanding teacher/child ratio
- Hands on learning
- Integrated Bible curriculum
- Nurturing, loving and fun environment
- Before and after school hours available
Little Sprouts Academics

CHAPEL

Chapel at Alliance Christian Academy and Little Sprouts Preschool is a foundational thread of who we are as a family community and illustrates our desire to grow our students to be character witnesses for Christ in the coming generations. In partnership with our parents and families, we aim to not only lead students to Christ, but also to lead them to develop a strong relationship with Him as they walk their path to learning who they are in Him, how they love Him, and where they are called to serve Him.

Little Sprouts Chapel occurs weekly on campus and is a strong support to lessons and teachings happening both in the classroom and at home. Our time together is filled with worship, games, skits and stories, all centered around a character quality for the month. The primary focus of Chapel is to expose our youngest hearts to the power, love, and authority of our God. We also provide opportunities for families at home to “dig deeper” with their children by providing a monthly newsletter that shares the character focus, scripture memory, and activities to do together as a family unit.

LANGUAGE ARTS

Little Sprouts focuses on developing oral language skills as well as discriminating between auditory and visual stimuli. Children are provided the opportunity to develop memory skills and readiness in both reading and writing.

MATHEMATICS

Using manipulatives and games, children are taught numerals and number concepts. Problem solving strategies, geometry and classification skills are introduced through everyday experiences.

SCIENCE AND SOCIAL STUDIES

Science and Social Studies are designed to build upon a child’s natural curiosity and love of exploration. Character development is emphasized as children are introduced to the world and given opportunities to learn to relate to others.

Additional enrichment experiences in our preschool include hands-on science, Spanish, library, creative movement and author study (pre-K only).

SCHEDULE
# Little Sprouts Preschool Schedule

**3 Day**
- Monday, Tuesday, Thursday
- Wednesday: Enrichment Program (9:00-9:30)

**Additional Programs**
- Before & After Care: Monday, Tuesday, and Thursday
- Open House and Sign-up: 9:00 am to 11:00 am
**Notes:** Class sizes subject to minimum number

## Times & Areas

<table>
<thead>
<tr>
<th>Time</th>
<th>Area</th>
<th>Area</th>
<th>Area</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00-9:30</td>
<td>Snack</td>
<td>9:00-9:30</td>
<td>Three</td>
<td>Pre-Kindergarten</td>
</tr>
<tr>
<td>9:30-11:00</td>
<td>Circle Time</td>
<td>9:30-10:30</td>
<td>Circle Time</td>
<td>Circle Time</td>
</tr>
<tr>
<td>10:30-11:00</td>
<td>Recess</td>
<td>10:30-11:00</td>
<td>Recess</td>
<td>Recess</td>
</tr>
<tr>
<td>11:00-11:30</td>
<td>Bible/Art, Phonics, Poetry/Displacement</td>
<td>11:00-11:30</td>
<td>Lunch</td>
<td>Lunch</td>
</tr>
<tr>
<td>11:30-12:00</td>
<td>Recess</td>
<td>11:30-12:00</td>
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<tr>
<td>12:00-12:30</td>
<td>Lunch</td>
<td>12:00-12:30</td>
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<tr>
<td>12:30-1:00</td>
<td>Nap</td>
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<tr>
<td>1:00-1:30</td>
<td>Poetry/Displacement Story</td>
<td>1:00-1:30</td>
<td>Story Time</td>
<td>Recess</td>
</tr>
<tr>
<td>1:30-2:00</td>
<td>Creative Movement</td>
<td>1:30-2:00</td>
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<td>Creative Movement</td>
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<tr>
<td>2:00-2:30</td>
<td>Pack Up</td>
<td>2:00-2:30</td>
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## Wednesday Enrichment

<table>
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<tr>
<th>Time</th>
<th>Area</th>
<th>Area</th>
<th>Area</th>
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</thead>
<tbody>
<tr>
<td>8:30-8:45</td>
<td>Circle Time &amp; Calendar</td>
<td>Bible</td>
<td>Morning Learning Centers</td>
<td>Lunch</td>
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<tr>
<td>8:45-9:00</td>
<td>Circle Time</td>
<td>Circle Time</td>
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<td>Circle Time</td>
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</table>

**Alliance Christian Academy & Little Sprouts Preschool**

13105 Harmon Road | Fort Worth, TX | 76177-6532
Ph: 817-439-8425 | Fax: 817-840-7657 | Email | Map

Our Story | Admissions | Academics | Preschool | Student Life | Giving
Little Sprouts Admission Process

Little Sprouts Admissions
2019-20 Tuition and Fees (Current Student)

2019-20 Tuition and Fees (New Student)

1. Schedule A Tour

New families may schedule a tour to come and see the preschool, meet with the Director, and ask any specific questions. Please contact the following individuals:

For Ones and Twos contact Tracie Widick here. For Threes through Pre-K contact Debra Holt here.

2. Submit Application for Admission

In order to submitting and application, new families will need to Create an Account for each student and submit the corresponding $25 application fee.

3. Submit Tuition and Fees

Tuition for Little Sprouts Preschool is due on the first school day of each month beginning August 1st. An annual supply fee (per student) is due May 1st for the upcoming school year. For tuition and payment inquiries, contact our Finance Director, Mandy Foster, at mandy.foster@aca-littlesprouts.com.

Alliance Christian Academy & Little Sprouts Preschool
13105 Harmon Road | Fort Worth, TX | 76177-6532
Ph: 817-439-8425 | Fax: 817-840-7657 | Email | Map
<table>
<thead>
<tr>
<th>Age &amp; Enrollment Fee</th>
<th>Supply Fee (Due 5/1)</th>
<th>Annual Tuition With 3% discount (Due 8/1)</th>
<th>Monthly Tuition (Due 8/1-4/1)</th>
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<td>$125</td>
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<td>3’s – Pre-K 4 day Program</td>
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<td>$3929</td>
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<td>1’s 2 day Program (Tues &amp; Thurs)</td>
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<td>$175</td>
<td>$2706</td>
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**ENRICHMENT ACADEMY**  
(9am-2pm Wednesdays)

There is a $25 processing fee when you submit the online re-enrollment packet through RenWeb/FACTS. The enrollment fee of $125 is billed through FACTS and will be invoiced upon receipt of application. This fee is non-refundable. Students will be billed for all fees and tuition through FACTS. Second child receives a 10% discount off of tuition.

**MORNING CARE AND AFTERNOON CARE**  
Little Sprouts Preschool offers morning care and afternoon care on Mondays, Tuesdays, and Thursdays for an additional fee of $10 per hour.

<table>
<thead>
<tr>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00am - 9:00am</td>
</tr>
<tr>
<td>2:30pm - 4:30pm</td>
</tr>
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</table>

“Developing Lifelong Leaders & Learners Loving the Lord”
Our Story

The Met began in my heart in 1987 when I felt God was calling me to minister to people who, in the past, would have never entered a church. I wanted to reach people through an energetic service with contemporary music and practical messages that people could apply to their every day lives. At that time I was the Senior Pastor at First Baptist Church of Fort Worth, and I knew God was calling me to a new vision and adventure. So, on August 11, 1996, I launched Metroport Cities Fellowship (The Met) in the auditorium of Carroll High School in Southlake. Our vision was to reach people living in the Alliance corridor, which developers were calling the Metroport area.

Starting a church can be challenging, but during those first months, I was overwhelmed and inspired by the dedication and sacrifice of a core group of leaders. I cannot remember a week passing without hearing from someone whose life had been transformed by the power of God through The Met, and we were so excited to see the vision God had for us take shape.

In the Fall of 1999, we lost our temporary location at Carroll High School, but God had been so faithful through this entire journey that we knew He would provide. I was informed that The Metro Food Outlet in Keller was closing, but the asking price was more than we could afford to pay. We stepped out on faith, submitted a lower offer, prayed, and left the outcome in God’s hands. Of course, He provided. The owner of the building was a Christian, and when he found out we were a church, he accepted our offer. It took a vast amount of renovation to transform a grocery store into a church, but on March 12, 2000, we held our first service in our new home. The building that once provided food for the body was now providing food for the soul.
all God has done through the Met. We have witnessed record numbers of people giving their lives to Christ and going public with their faith through baptism. Families continue to be healed and strengthened as they grow in their relationship with God, and our children and youth are being taught to stand for Christ and be our next generation of leaders. The Met ministers to over 3000 people each week and over 6000 people call The Met their church home. We are so excited about the next phase of our story and the opportunity to be a part of the work God is doing through The Met.
Welcome!

We would like to invite you to join us for church this weekend at The MET. Our mission is to connect you to God and others through our energetic children's ministry, creative student ministry, exciting adult ministry, and a worship service with engaging music and a life-changing message. Within this site you will find everything you will need to become connected to the life of our church. If at anytime you would like further help or more information please contact us by email or phone.

There is a place for you here at The MET Church!

What Should I Expect?

We have something for your whole family. As soon as you walk in our front doors you will see clearly marked signs and friendly people that will guide you to the registration desk of our world class Met Kids ministry. Your kids will be escorted to their age appropriate, exciting and safe classroom. You can then enjoy our free coffee bar and check out our information area to learn more about the Met.

Come As You Are

At The Met there is no dress code. You'll see some people in suits and others in jeans and a t-shirt, so feel free to leave the tie at home and wear whatever makes you comfortable!

Bring the Kids

Met Kids is available for children birth - 5th grade. Our goal each and every weekend is to help you ensure that your child develops into the leader God designed them to be. Met Kids is available during each worship service so you can enjoy a great service knowing your child is being loved and nurtured!

Met Youth Middle School service is available each and every weekend during regular service times for students 6th-8th grade. It is a unique blend of faith, fun,
Community Life

Wherever you are in life, whatever you are facing, Met Community Life exists to support and equip you in your walk towards spiritual maturity. We offer many opportunities for you to connect with God, grow deeper in your faith, serve in the Kingdom and develop life-changing relationships with others at the Met.
Worship Services

WORSHIP SCHEDULE
Saturday: 5:00pm
Sunday: 9:30 & 11:00am

WEEKEND WORSHIP SERVICES
The weekend worship service is step one in connecting people to God and one another. This is accomplished by providing an atmosphere that is worshipful, relevant, inspiring and unique. We are intentional about introducing God to those who are seeking Him and challenging those who have established that relationship with God to continue to strengthen and develop that bond. We view the weekend service as the doorway to the Met Family - an opportunity for regular attendees to bring their family, neighbors and acquaintances to hear about God’s love for them.

The weekend worship service offers several areas for people to serve God and their church with the talents given to them. We strive to address those talents and place people in appropriate volunteer positions - vocal, instrumental, technical, drama, various other creative arts. While we encourage variety within involvement our first priority is to make sure we submit a quality program that will not distract the listener from hearing the message about God’s love.
Event Filters
Click the filtering options below to narrow your search for new and exciting things here at Met.

- Bible Groups
- Community Life
- Kids
- Met Iglesia
- Missions
- New Creation
- Outreach
- Singles
- Youth

Met Events
Be sure to keep your family up-to-date with all that is happening within our Met community.

- **Bible Studies**
  - **JAN 22**
  - **Tuesday, January 22, 5:30 PM - 7:00 PM**
  - Join a Bible Study to grow further in your faith and develop lasting relationships to encourage and strengthen your daily walk.

- **Family Baptism Class**
  - **JAN 26**
  - **Saturday, January 26, 6:30 PM - 7:30 PM**
  - Children who have made a willing choice to receive Christ as their personal Lord and Savior are encouraged to attend the Family Baptism Class with their parent(s).

- **Faith & Baptism Class**
  - **JAN 27**
  - **Sunday, January 27, 11:00 AM - 12:00 PM**
  - Are you ready to take the next step in your faith journey? Maybe you want to be Baptized and have a few questions. Join us for our next Faith and Baptism Class.

- **Guest Lunch**
  - **JAN 27**
  - **Sunday, January 27, 12:30 PM - 1:30 PM**
  - We want to help all of our guests become family here at The Met. Guest Lunch is an informational lunch held after service where you can hear our vision, meet some of our staff, and ask questions.

- **MY Weekend 2019**
  - **March 1, 7:00 PM to March 3, 12:30 PM**
**PINK Simulcast 2019**

March 29, 10:00 AM to March 30, 11:00 AM

Join us for the Pink Women’s Conference via simulcast at The Met. The speakers will inspire you to live an UNCOMMON life through their relevant and challenging content.

**Middle School Camp: 5th-7th Grade**

June 23, 1:00 PM to June 29, 2:00 PM

The best week of the year for students. At Creekside, students will have an opportunity to disconnect from their everyday lives and connect with hundreds of other students in a camp environment.

**Met Kids Camp: K-4th Grade**

June 30, 1:00 PM to July 3, 5:00 PM

The Wild is a Christian camp for students in grades K-4th grade. Kids at The Wild will enjoy a variety of outdoor activities in a Christ-centered environment.

**High School Camp: 8th-12th Grade**

July 15, 12:30 AM to July 19, 11:59 PM

Met Youth High School camp is the greatest week of the year. It is a great week to get away, Connect with God and Connect with others. Don’t miss out on this amazing week.
**Food Pantry**

The Met's mission is to provide a place where the needy receive food assistance as well as support to get involved in activities that will assist them in growth towards a brighter tomorrow. By providing a pantry to the surrounding area we are able to assist our community with a "mini-market" style food pantry where clients can choose from a variety of food and personal care items. Volunteers help to organize, schedule, collect, distribute, and ultimately serve the community on a weekly basis.

Recipients for the food pantry will apply to receive a minimum of 3-6 months of food assistance. They will shop for free food and other items every Saturday. If any applicant...
STEP 1 - Call 817-379-4638 to make an appointment to fill out a Food Pantry Intake Form. (se hablo español)

STEP 2 - Qualify for Food Assistance (Proof of Income & ID requested)

Once you qualify for the Food Pantry:

STEP 3 - You will receive a weekly email with a new link each week to sign-up for your Food Pantry appointment time for the upcoming Saturday.

- Food is given to first-come-first-serve recipients with no appointment AFTER 11:30, while supplies last.
- Non Food Pantry members can "walk-in" after 11:30 to register with paperwork and receive a take-home bag of food.

Guidelines:

- Participants will receive information regarding services, support and spiritual growth.
Questions?: foodpantry@metchurch.com

Want to Volunteer:
When it comes to volunteering and service, your personality and your strengths play a major role in the types of activities you’ll enjoy most. We currently average 164 volunteers a month and we are always looking to increase our volunteer base to better support our community.

DRESS CODE:
Dress comfortably with tennis shoes.

VOLUNTEER PROJECTS:

- Organizing and distributing cold items
- Re-stocking
- Distribution of items in Met Youth area
- Clean up
- Check-In counter (Spanish Speaker)
Saturday:  8:45-10:45am,  10:45am-12:45pm

**VOLUNTEER AS A FAMILY:**
We encourage families to volunteer together, but ask that only children 8 years and above are present. All children must be accompanied by a parent or guardian. Students from middle and high school are welcome to complete any school-required service hours.
ABOUT

WHAT MAKES CROSSFIT 817 DIFFERENT?

CrossFit 817 is community of individuals with the singular purpose of improving our levels of fitness through constantly varied functional movements executed at high intensity. We are located in a 12,000 square foot warehouse that is 100% CrossFit. Our training methods produce undisputed, tangible results for all levels of fitness; from de-conditioned individuals to elite athletes, and everything in between. The program is designed for universal scalability, making it the perfect application for any committed individual, regardless of experience. We scale load and intensity; we don’t change the program. The needs of Olympic athletes and our grandparents differ by degree, not kind.

Our program efficiently combines the most effective training methods of Weightlifting, Gymnastics, and High Intensity Cardio. There isn’t a strength and conditioning program anywhere that works with a greater diversity of tools, modalities, and drills.

The community aspect of CrossFit is our greatest strength. At CrossFit there are no ego’s, no room for bad attitudes. We are supportive, we are competitive, we are strong, we are humble, we are athletes...we are CrossFit.

MEET OUR TRAINERS
HOW TO JOIN

OPTION 1
Fill out the Try a Free Class form to register for your free introductory class.

OPTION 2
If you are new to CrossFit but ready to get started, sign up here for our next Fundamentals class.

OPTION 3
If you are already an experienced CrossFitter looking to join the 817 community sign up here

FILL OUT THE FORM TO TRY US FOR FREE!

Name
Email
Phone
2+4=?

Send
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Class</th>
<th>Instructor</th>
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<td>Joe</td>
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<td><strong>Sun February 3, 2019</strong></td>
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<td><strong>Tue February 5, 2019</strong></td>
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FORT WORTH, TX (GOLDEN TRIANGLE BLVD / OLD DENTON RD) CRIME

67 Vital Statistics. 2 Condition Alerts found.

NEIGHBORHOOD CRIME DATA

TOTAL CRIME INDEX

- **66**
  - (100 is safest)
  - Safer than 66% of U.S. neighborhoods.

NEIGHBORHOOD ANNUAL CRIMES

<table>
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<td>302</td>
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<tr>
<td>Crime Rate (per 1,000 residents)</td>
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<td>15.69</td>
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NEIGHBORHOOD VIOLENT CRIME

VIOLENT CRIME INDEX

- **75**
  - (100 is safest)
  - Safer than 75% of U.S. neighborhoods.

VIOLENT CRIME INDEX BY TYPE

<table>
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<th>Type</th>
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<td>Murder</td>
<td>63</td>
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<td>4</td>
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<tr>
<td>Rape</td>
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VIOLENT CRIME COMPARISON (PER 1,000 RESIDENTS)

1 IN 773 in Golden Triangle Blvd / Old Denton Rd
1 IN 178 in Fort Worth
1 IN 228 in Texas

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FORT WORTH VIOLENT CRIMES

POPULATION: 874,168

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<th></th>
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<th>ASSAULT</th>
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UNITED STATES VIOLENT CRIMES

POPULATION: 325,719,178

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<th>ASSAULT</th>
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<td>319,356</td>
<td>810,825</td>
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<td>0.05</td>
<td>0.42</td>
<td>0.98</td>
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</table>

NEIGHBORHOOD PROPERTY CRIME

PROPERTY CRIME INDEX

63

(100 is safest)

Safer than 63% of U.S. neighborhoods.

PROPERTY CRIME INDEX BY TYPE

<table>
<thead>
<tr>
<th></th>
<th>BURGLARY INDEX</th>
<th>THEFT INDEX</th>
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<tr>
<td>Golden Triangle Blvd / Old Denton Rd</td>
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<td>32.29</td>
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National Median: 24

MY CHANCES OF BECOMING A VICTIM OF A PROPERTY CRIME

1 IN 64 in Golden Triangle Blvd / Old Denton Rd
1 IN 31 in Fort Worth
1 IN 39 in Texas
FORT WORTH PROPERTY CRIMES

POPULATION: 874,168

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UNITED STATES PROPERTY CRIMES

POPULATION: 325,719,178

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CRIME PER SQUARE MILE

![Crime per Square Mile Chart](chart-url)
### Educational Attainment Data (§11.9(c)(5) of the 2019 Qualified Allocation Plan)

The educational attainment for the population 25 years and over data is from table S1501 2012 - 2016 5-year American Community Survey (ACS). This data corresponds with the Opportunity Index scoring item at §11.9(c)(4) of the 2019 Qualified Allocation Plan (QAP). The QAP can be found at http://www.tdhca.state.tx.us/multifamily/nofas-rules.htm. Please contact jason.burr@tdhca.state.tx.us with any questions.

<table>
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<td>Census Tract 1139.22, Tarrant County, Texas</td>
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About Us

Agency Overview

Meals On Wheels, Inc. of Tarrant County is a 501(c)(3) not-for-profit charitable organization that started in 1973 as a collaboration between 11 faith-based organizations in downtown Fort Worth to bring food to the elderly in the central city area. Over the years, we have grown and now serve all of Tarrant County, providing approximately 1 million meals each year to some of Tarrant County's most frail citizens. By providing home-delivered meals, professional case management, and other needed items or services to our homebound, elderly and disabled clients, we enable them to remain living independently in their own homes, surrounded by a lifetime of memories.

Most of our clients have lived in the same home for many years. This home is where they feel safe and comfortable. Due to illness or the blessing of many birthdays, the majority of our clients can no longer remain at home without assistance. Without our help, many of our clients would be forced into nursing homes or other care facilities. Our goal is to keep our clients in their homes – where they want to be – for as long as possible.
Some people may be recovering from a hospital stay or illness and will only be on the program for a short period of time. Others have a long-term need and may receive home-delivered meals on an ongoing basis.

In an independent study of hunger among the elderly in the United States, Texas ranked fourth highest in the number of seniors going to bed hungry. We can deliver meals to one homebound person for an entire year at a cost lower than one day in a hospital or six days in a nursing home. Plus, through our Home-Delivered Meals program, we save money for taxpayers, who subsidize the cost of nursing home care for those who cannot afford it. Another study by the Center for Effective Government found that every dollar invested in Meals On Wheels saves up to $50 in Medicaid spending.

Meals are delivered by over 5,000 caring volunteers who freely give of their time and personal resources to ensure that our clients receive a nutritious meal. These caring individuals do more than just provide a meal and a friendly home visit. They are trained to contact our office if a client does not answer the door. This daily safety check gives many of our clients and their families an added peace of mind.

Mission Statement

To promote the dignity and independence of older adults, persons with disabilities, and other homebound persons by delivering nutritious meals and providing or coordinating needed services.

Our History

From humble beginnings to a benchmark program that now serves approximately 1 million meals per year, Meals On Wheels of Tarrant County is an immense source of pride for the citizens of Tarrant County. Despite our tremendous growth, our commitment to helping the homebound, elderly and disabled residents of Tarrant County remain in their own homes will never change.
In 1972, representatives from 11 downtown Fort Worth faith-based organizations met to discuss hunger in the central city. These organizations included Broadway Baptist, Central Baptist, Greater St. James Baptist, Mt. Gilead Baptist, First Christian, First United Methodist, First Presbyterian, Gethsemane Presbyterian, St. Andrew's Episcopal, St. Patrick's Cathedral, and Temple Beth-El. From this meeting, the Association of Central City Ministries (ACCM) was formed. Its first concern was providing meals to the elderly. ACCM made the commitment to bring food to the elderly in the central city area and on May 15, 1973, Meals On Wheels of Tarrant County was begun using all volunteer help. On that day, 25 people were fed. Meals On Wheels of Tarrant County owes a debt of gratitude to the members of ACCM and the many volunteers from these organizations who worked so diligently to make it a success. These wonderful faith-based organizations continue to support Meals On Wheels as we serve those in need within our community.

In 1989, Meals On Wheels of Tarrant County turned to the community to ask for help to fund a central kitchen. Rapidly escalating costs from food service companies as well as limited control of the final product compelled us to seek our own meal-preparation facility. Within eight months, an existing building was purchased and renovated into both the central kitchen and administrative offices. Although the building was expanded a number of times over the years, in 2010, the Board of Directors decided the best course of action was to construct a new meal-production facility that could meet the ever-increasing demand for services.

In January 2015, we embarked on an exciting new chapter in the history of Meals On Wheels as we broke ground on a new 62,000-square-foot meal production and distribution facility. We relocated to the new facility in March 2016. The current building, located at 5740 Airport Freeway in Haltom City, now houses the central kitchen, volunteer training center, nutrition intern project center, storage and distribution center, meeting space, and administrative offices.

This new facility will enable Meals On Wheels to meet the current demand for 1 million meals per year as well as the tremendous growth expected as Baby Boomers enter retirement. Much has changed since 1972; however, the original commitment to serve elderly and disabled...
people will never change. With your assistance, we are helping this frail segment of our community to remain living at home by providing meals, needed services, and a caring smile.

Client Demographics

- Median age: 74.7 years
- 84% of clients are over the age of 60
- 64% of clients are female
- Median client monthly income: $1,000
- Meals served to minority clients: 36%
- Average length of time a client remains on the Home-Delivered Meals program: 11 months
Communities Served

Meals On Wheels, Inc. of Tarrant County serves residents living anywhere within Tarrant County. If the person needing meals lives outside Tarrant County, Texas, you can search the complete list of Meals On Wheels programs to locate the appropriate meal-delivery program in their area.

This map shows the cities, towns, or incorporated areas in Tarrant County that we serve, and the number of clients and meals we served in each city in fiscal year 2017. We also serve unincorporated areas of the county.

View A Complete List of Our Meal Distribution Sites
I Need Meals / Refer Someone

This Meals On Wheels agency serves only people living in Tarrant County, Texas.

Please refer to the list of the cities and towns where we deliver. If the person needing meals lives outside Tarrant County, Texas, visit the Meals On Wheels Association of America website to find the appropriate meal-delivery program in your area. Meals On Wheels, Inc. of Tarrant County is an independent charitable organization, serving only people who live in the Greater Fort Worth, Texas region.

Eligibility Requirements

Services are available to those who are homebound for any length of time, are physically or mentally unable to prepare nutritious meals for themselves, and have no one to help them on a regular basis. These problems affect people of all ages and socio-economic backgrounds. Consequently, there are no age or income restrictions and no one is ever approved or denied services based on their ability to make a voluntary contribution toward the cost of their meals.

Make A Referral

Fields marked with a * are required.

Please start by giving us some information about you (the person making the referral) so that we can contact you about this potential
ERMA C. JOHNSON HADLEY NORTHWEST CENTER OF EXCELLENCE FOR AVIATION, TRANSPORTATION AND LOGISTICS

The Erma C. Johnson Hadley Northwest Center of Excellence for Aviation, Transportation and Logistics provides expanded credit and non-credit training opportunities available in top industries that support the economy of the northern region of Texas.

Credit Programs

Our credit programs can help you earn an associate degree in any of the following areas:

- Aviation Maintenance Technology
- Logistics and Supply Chain Management
- Professional Pilot

Non-Credit Programs

If you're not seeking a degree, we offer courses for personal enrichment and professional development to help you gain valuable knowledge and skills, including:

- Project Management Professional Exam (PMP) Preparation

Aviation Specimen Library

Our aviation specimen library provides test specimens to our local industry partners while giving hands-on warehousing experience to our students.

- Aviation Specimen Library Inventory, Updated September 13, 2017 (PDF will open in a new window)

To check out one of the available specimens, review our aviation specimen library inventory and contact:

Michael Esquivel, Logistic Program Coordinator
817-515-7763
michael.esquivel@tccd.edu

Daniel Johnston, Learning Lab Manager
817-515-7246
daniel.johnston@tccd.edu

Contact

Erma C. Johnson Hadley Northwest Center of Excellence for Aviation, Transportation and Logistics

2301 Horizon Drive
Fort Worth, TX 76177
817-515-7100
Fax: 817-515-0512

Updated July 07, 2018
Tarrant County College | askTCC 817-515-8223

ACCREDITATION

Tarrant County College is accredited to award an associate degree by:

Southern Association of Colleges and Schools Commission on Colleges*
1866 Southern Lane
Decatur, GA 30033-4097
404-679-4500

Programs and courses are approved by the Texas Higher Education Coordinating Board.

Memberships are also held in:

- Texas Association of Community Colleges
- Association of Texas Colleges and Universities
- American Association of Community Colleges

*Tarrant County College District (TCCD) is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award the associate’s degree. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, Georgia 30033-4097, telephone 404-679-4500, at [http://www.sacscoc.org](http://www.sacscoc.org) for questions about the accreditation of Tarrant County College District.

The three-fold purpose for publishing the Commission’s address and contact number is to enable interested constituents (1) to learn about the accreditation status of Tarrant County College District, (2) to file a third-party comment at the time of Tarrant County College District’s decennial review, or (3) to file a complaint against Tarrant County College District for alleged non-compliance with a standard or requirement.

Normal inquiries about Tarrant County College District, such as admission requirements, financial aid, educational programs, etc., should be addressed directly to Tarrant County College District and not to the Commission’s office.

Get More Information

- **Office of Institutional Effectiveness, Accreditation, and Planning**: Maintains documentation of performance measures to meet TCCD’s accreditation and compliance requirements.

- **Southern Association of Colleges and Schools Commission on Colleges**: Provides accreditation to TCCD as one of six regional accreditation organizations recognized by the United States Department of Education and the Council for Higher Education Accreditation.

*Updated May 08, 2018*
LOGISTICS & SUPPLY CHAIN MANAGEMENT

Quick Facts

- **Associate of Applied Science**: 2-year program (60 semester credit hours)
- **Certificates**: Level 1 (15 semester credit hours)
- **Job opportunities**: Careers
- **Full program is offered at**: Northwest Campus
  - Erma C. Johnson Hadley Northwest Center of Excellence for Aviation, Transportation and Logistics

Summary

Logistics is the process of planning how to get products and materials from suppliers to consumers.

The work of a logistician begins with bringing in the supplies and raw materials necessary for businesses or organizations to operate. Inbound logistics are then used in conjunction with outbound logistics to distribute products or services where they are in demand.

Our program will give you the hands-on training and knowledge you need to meet the increasing demand for professionals trained in logistics and supply chain management.

Program Options

Degree

- Logistics & Supply Chain Management, AAS

Certificates

Level 1

- Transportation Management
- Warehouse Management

Accelerated Program

- College Credit for Heroes

Contact

Northwest Campus

Michael Esquivel, Program Coordinator
817-515-7763
michael.esquivel@tccd.edu
PROFESSIONAL PILOT

Quick Facts

- **Associate of Applied Science**: 2-year program (60 semester credit hours)
- **Certificates**:
  - Level I (39 semester credit hours)
  - Enhanced Skills (7 semester credit hours)
- **Full program is offered at**: Northwest Campus
  - **Emea C. Johnson Hadley Center of Excellence for Aviation, Transportation and Logistics**

Summary

Our Professional Pilot Program features an FAA Part 141-approved flight training curriculum.

We partner with US Aviation Group (Denton, Texas) to offer our program at Alliance Airport in Fort Worth, Texas.

You will get the classroom and in-air experience you need to succeed as you earn:

- FAA Pilot certifications, licenses and additional ratings
- College credit towards an Associate of Applied Science degree

Maximize Your Career Potential

Apply your training and experience in our Professional Pilot program toward a bachelor's degree at a 4-year college or university.

Program Options

Degree

- **Aviation Technology: Professional Pilot, AAS**

Certificates

Level 1

- **Commercial Pilot**

Enhanced Skills

- **Flight Instructor**

Special Requirement

**Aviation Information Session / Tour**

You must attend a mandatory **Aviation Information Session / Tour** to be admitted to our aviation programs.
2019 Date
- Monday, March 25

Register for a Session
Aviation Information Session Sign-up

More Details

Costs

Projected Flight Costs
See detailed Projected Flight Costs in the Catalog for both airplane and helicopter specialty tracks.

Other Costs
- Tuition: Tuition & Fees
- Books & equipment: $2,000 (approximate)

Time Commitment
You can complete our A.A.S. program in 2 years whether you take day or night classes.

Day Classes
- Days: Monday–Friday
- Class hours: 9 a.m.–noon
- Flight hours: arranged

Night Classes
- Days: Monday–Thursday
- Hours: 6-9 p.m.
- Flight hours: arranged

Careers
After successfully completing our program, you will be prepared for jobs such as:
- Commercial airline pilot
- Flight instructor
- Commercial helicopter pilot

Projected Job Growth

Occupational Outlook Handbook
- Airline and Commercial Pilots

O*NET OnLine
Summary Reports for:
- Airline Pilots, Copilots and Flight Engineers
- Commercial Pilots

Gainful Employment Disclosures
- Commercial Pilot Certificate
AVIATION MAINTENANCE TECHNOLOGY

Quick Facts

- **Associate of Applied Science**: 2-year program (60 semester credit hours)
- **Certificates**:
  - Level 1 (16-30 semester credit hours)
  - Level 2 (45 semester credit hours)
- **Full program is offered at**: Northwest Campus
  - Ema C. Johnson Hadley Center of Excellence for Aviation, Transportation and Logistics

Summary

In our **Federal Aviation Administration (FAA)-approved** program, you will learn to perform the maintenance and repairs that keep aircraft in peak operating condition.

Our program will prepare you to take the FAA examination for Airframe and Powerplant licenses.

**What do aviation maintenance technicians do?**

Licensed aviation maintenance technicians are considered the vital link between aircraft manufacturers and the flying public.

These technicians specialize in preventive maintenance that ensures various types of aircraft—such as commercial and non-commercial airplanes, helicopters and jets—are well maintained and working properly.

Program Options

**Degrees**

- Aviation Maintenance Technology: Airframe, AAS
- Aviation Maintenance Technology: Powerplant, AAS

**Certificates**

**Level 1**

- Advanced Composite Technology
- Avionics Line Maintenance

**Level 2**

- Aviation Maintenance Technology: Airframe
- Aviation Maintenance Technology: Powerplant

Special Requirement
Aviation Information Session / Tour
You must attend a mandatory Aviation Information Session / Tour to be admitted to our aviation programs.

2019 Date
- Monday, March 25

Register for a Session
Aviation Information Session Sign-up

Now Accepting Applications for Fall 2019
Spring 2019 new student registration for the Aviation Maintenance Technology Program is now closed.
Program applications will be considered for Fall 2019 admission. You must also attend the by-invitation-only orientation in April 2019.

More Details

Costs
- Tuition: Tuition & Fees
- Books: $600 (approximate)
- Tools: $400-$1,200

Time Commitment

Day Classes
If you take day classes, you can complete our A.A.S. program in 2 years.
- Days: Monday–Friday
- Hours: 8 a.m.–3 p.m.

Night Classes
If you take night classes, you can complete our A.A.S. program in 3 years.
- Days: Monday–Thursday
- Hours: 5:30–11 p.m.

Careers
After successfully completing our program, you will be prepared for jobs such as:
- Aircraft mechanic
- Aviation maintenance technician
- Airframe mechanic
- Powerplant mechanic

Projected Job Growth

Occupational Outlook Handbook
- Aircraft and Avionics Equipment Mechanics and Technicians

O*NET OnLine
- Summary Report for Aircraft Mechanics and Service Technicians

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Churchill at Golden Triangle Community is in Census Tract 48439113922 - it scores 3 Underserved points as there are no other LIHTC properties in this CT in the inventory.
Proposed Site Churchill at Golden Triangle Community

QCT for 2019

Tract 1139.22
County Tarrant County
State TX
Status (2019) Not Qualified
Poverty Rate 0.0%
Ratio of Tract Median Income to Tract Income Limit 0.395
Full Tract Number 4843913922

https://www.huduser.gov/portal/sadda/sadda_qct.html
## 2019 Declared Disaster Areas

**Counties Eligible under §11.9(d)(3) of the 2019 QAP as of November 5, 2018**

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<td>Borden</td>
<td>Falls</td>
<td>Jim Hogg</td>
<td>Mitchell</td>
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<tr>
<td>Bosque</td>
<td>Fannin</td>
<td>Jim Wells</td>
<td>Montgomery</td>
</tr>
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<td>Brazoria</td>
<td>Fayette</td>
<td>Johnson</td>
<td>Moore</td>
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<tr>
<td>Brazos</td>
<td>Fisher</td>
<td>Jones</td>
<td>Motley</td>
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<td>Briscoe</td>
<td>Floyd</td>
<td>Karnes</td>
<td>Navarro</td>
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<td>Brooks</td>
<td>Foard</td>
<td>Kendall</td>
<td>Newton</td>
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<tr>
<td>Brown</td>
<td>Fort Bend</td>
<td>Kenedy</td>
<td>Nueces</td>
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<tr>
<td>Burleson</td>
<td>Frio</td>
<td>Kent</td>
<td>Oldham</td>
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<tr>
<td>Burnet</td>
<td>Gaines</td>
<td>Kerr</td>
<td>Ochiltree</td>
</tr>
<tr>
<td>Caldwell</td>
<td>Galveston</td>
<td>Kimble</td>
<td>Orange</td>
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<tr>
<td>Calhoun</td>
<td>Garza</td>
<td>King</td>
<td>Palo Pinto</td>
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<tr>
<td>Callahan</td>
<td>Gillespie</td>
<td>Kinney</td>
<td>Parker</td>
</tr>
<tr>
<td>Cameron</td>
<td>Glasscock</td>
<td>Kleberg</td>
<td>Parmer</td>
</tr>
<tr>
<td>Carson</td>
<td>Goliad</td>
<td>Knox</td>
<td>Polk</td>
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<tr>
<td>Castro</td>
<td>Gonzales</td>
<td>La Salle</td>
<td>Potter</td>
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<tr>
<td>Chambers</td>
<td>Gray</td>
<td>Lampasas</td>
<td>Potter</td>
</tr>
<tr>
<td>Childress</td>
<td>Grimes</td>
<td>Lavaca</td>
<td>Power</td>
</tr>
<tr>
<td>Cochran</td>
<td>Guadalupe</td>
<td>Lee</td>
<td>Pretty</td>
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<td>Coke</td>
<td>Hall</td>
<td>Leon</td>
<td>Prineo</td>
</tr>
<tr>
<td>Coleman</td>
<td>Hamilton</td>
<td>Liberty</td>
<td>Roberts</td>
</tr>
<tr>
<td>Collingsworth</td>
<td>Hansford</td>
<td>Limestone</td>
<td>Robertson</td>
</tr>
<tr>
<td>Colorado</td>
<td>Hardeman</td>
<td>Lipscomb</td>
<td>Runnels</td>
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<tr>
<td>Comal</td>
<td>Hardin</td>
<td>Live Oak</td>
<td>Sabine</td>
</tr>
<tr>
<td>Comanche</td>
<td>Harris</td>
<td>Llano</td>
<td>San Augustine</td>
</tr>
<tr>
<td>Coryell</td>
<td>Hartley</td>
<td>Loving</td>
<td>San Jacinto</td>
</tr>
</tbody>
</table>
1. **Site Acreage**

   Please identify site acreage as listed in each of the following exhibits/documents.

<table>
<thead>
<tr>
<th>Site Control</th>
<th>Site Plan</th>
<th>Appraisal</th>
<th>ESA</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.045 +/-</td>
<td>5.045 +/-</td>
<td>n/a</td>
<td>5.045 +/-</td>
</tr>
</tbody>
</table>

   (*) Should equal acreage indicated in site control documents less acreage intended to be dedicated, sold or used for public purpose and not to be encumbered by LURA (net acreage). The net acreage will be used for calculating density for all purposes.

   Please provide an explanation of any discrepancies in site acreage below:

   [A description of any reductions except as a result of dedication of land for roadways, easements or other changes that may occur during development may help the Applicant avoid future amendments.]

2. **Site Control [10 TAC §11.204(10)]**

   The current owner of the Development Site is (If scattered site & more than one owner refer to Tab 13):

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Contact Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triangle I-35 Realty, LTD</td>
<td>Wes Gotcher</td>
</tr>
<tr>
<td>303 W. Wall Street, Suite 2400</td>
<td></td>
</tr>
<tr>
<td>Midland TX 79701 2008</td>
<td>Date of Last Sale: No</td>
</tr>
</tbody>
</table>

   Is the seller affiliated with the Applicant, Principal, sponsor, or any Development Team member, as described in §11.302(e)(1)(B) (Identity of Interest)?

   If "Yes," please explain: n/a

   If "Yes", the Application must include the documentation required by 10 TAC §11.302(e)(1)(B)(ii), as applicable.

   Did the seller acquire the property through foreclosure or deed in lieu of foreclosure? No

   Identify all of the sellers of the proposed property for the 36 months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development Team:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same owner the last 36 months</td>
<td>N/A</td>
</tr>
</tbody>
</table>

   Site Control is in the form of:

   - [X] Contract for sale.
   - [X] If Direct Loan funds are requested, contract includes required language in 10 TAC §13.5(e).
   - n/a Recorded Warranty Deed with corresponding executed closing/settlement statement.
   - n/a Contract for lease.

<table>
<thead>
<tr>
<th>Expiration of Contract or Option</th>
<th>Anticipated Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/31/2019</td>
<td>10/31/2019</td>
</tr>
</tbody>
</table>

   - [X] Title Commitment or Title Policy is included behind this tab (per 10 TAC §11.204(12)).
   - n/a The Property has the following encumbrance(s):

3. **Ingress/Egress and Easements (9% and 4% HTC Only) [10 TAC §11.204(10)(D)]**

   If ingress and egress to a public right of way are not part of the Property described in the site control documentation, the Applicant must provide:

   - n/a Evidence of an easement, leasehold, or similar documented access; and

   [2/27/2019]
n/a  Evidence that the fee title owner of the property agrees that the LURA may extend to the access easement.

4. **30% increase in Eligible Basis "Boost" (9% and 4% HTC Only) [10 TAC §11.4(c)]**

Development qualifies for the boost for:

- Qualified Census tract that has less than 20% HTC Units per household
- New Construction or Adaptive Reuse Development is in a QCT with 20% or greater Housing Tax Credit Units per household, and a resolution from the Governing Body of the appropriate municipality or county allowing the construction of the Development is included behind Tab 8.*

  *Rehabilitation Developments located in a QCT with 20 percent or greater Housing Tax Credit Units per total households are eligible to qualify for the boost and are not required to obtain such a resolution from the Governing Body.

- Development is located in a Small Area Difficult Development Area (SADDA)
- Rural Development (Competitive HTC only)
- Development is entirely Supportive Housing (Competitive HTC Only)
- Development meets the criteria for the Opportunity Index as identified in §11.9(c)(4) of the Qualified Allocation Plan (Competitive HTC only)
- Development includes an additional 10% of units at 30% AMI. (Competitive HTC only)
  
  *Must be in addition to the number of units needed for any scoring item or any other funding source from MF Direct Loan requirements.

- Development is in an area covered by a concerted revitalization plan and elects and is eligible for points under 10 TAC §11.9(d)(7), is not Elderly, and is not located in a QCT. (Competitive HTC only)

- Development is located in a Qualified Opportunity Zone designated under the Bipartisan Budget Act of 2018 (H.R. 1892). (Competitive HTC only)

If a revised form is submitted, date of submission: __________________________

2/27/2019
Support Documentation from Site Information Part III Should be Included Behind this Tab.

Site Control Documentation

- [n/a] If recorded warranty deed, includes corresponding executed settlement statement (or functional equivalent).
- [n/a] If identity of interest, includes documentation described in 10 TAC §11.302(e)(1)(B)(ii), as applicable.
- [x] If Application is requesting Direct Loan Funds, contract for sale, option to purchase or option to lease includes the language required by 10 TAC §13.5(e).
- [x] Title Commitment or Policy

Ingress/Egress and Easements

- [n/a] Documentation required by 10 TAC §11.204(10)(D) is included, as applicable.

Increase in Eligible Basis (30% Boost)

- [n/a] Resolution from the Governing Body of the appropriate municipality or county allowing the construction of the Development, if applicable.
- [n/a] Census tract map that includes the 11-digit census tract number and clearly shows that the proposed Development is located within a QCT, if applicable.
- [n/a] SADDA map clearly showing the Development is located within the boundaries of a SADDA, if applicable.
- [n/a] Census tract map that includes the 11-digit census tract number and clearly shows that the proposed Development is located within the boundaries of a Qualified Opportunity Zone, if applicable.

List of Opportunity Zones can be found at:

ASSIGNMENT OF CONTRACT

This Assignment of Contract is executed as of January 7, 2019 (the “Effective Date”) between CHURCHILL SENIOR RESIDENTIAL, LLC a Texas limited liability company (“Assignor”), and CHURCHILL at GOLDEN TRIANGLE COMMUNITY, L.P., a Texas limited partnership (“Assignee”).

For good and valuable consideration, including the mutual agreements set forth in this Assignment, Assignor and Assignee agree as follows as of the Effective Date:

1. Agreement. Assignor covenants to Assignee that (a) Assignor as Buyer and TRIANGLE I-35 REALTY, LTD., as Sellers are parties to that certain Contract of Sale dated effective as of December 13, 2018 (the “Contract”) covering the real property described in Exhibit A to this Assignment (the “Property”), (b) the Contract is in full force and effect between Assignor as Buyer and such Seller, and (c) this assignment of the Contract is permitted under the terms of the Contract.

2. Assignment. Assignor hereby assigns to Assignee the Contract and all right, title and interest of Assignor in and to Contract and the Property under and by virtue of the Contract, subject, nevertheless, to the terms, conditions and stipulations in the Contract.

3. Assumption. Assignee hereby assumes and agrees to observe and perform all terms, conditions and stipulations that are under the Contract to be observed or performed by Buyer.

4. General. This Assignment benefits and binds Assignor and Assignee and their respective successors and assigns.

Executed in multiple counterparts by Assignor and Assignee on the respective dates indicated below but effective as of the Effective Date of this Assignment.

ASSIGNOR:

CHURCHILL SENIOR RESIDENTIAL, LLC

By: __________________________

Name: Bradley E. Forslund
Title: President
Date: January 7, 2019

ASSIGNEE:

CHURCHILL GOLDEN TRIANGLE COMMUNITY, L.P.

By: __________________________

Name: Bradley E. Forslund
Title: Manager of Special Limited Partner
Date: January 7, 2019
EXHIBIT A TO ASSIGNMENT OF CONTRACT

Description of the Property

EXHIBIT A - THE LAND

Lot 4, Block 2, MORIAH AT TIMBERLAND, an Addition to the City of Fort Worth, Tarrant County, Texas, according to plat filed for record under Clerk’s File No. D217160408, Deed Records of Tarrant County, Texas.
PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into effective as of the Effective Date by and between TRIANGLE I-35 REALTY, LTD., a Texas limited partnership ("Seller"), and CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company ("Purchaser").

SECTION 1 – DEFINITIONS

1.1 Definitions. As used herein, the following terms have the meanings given to them below:

(a) Closing: The exchange of documents and funds to consummate the transaction contemplated herein.

(b) Closing Date: The date of Closing will be 30 days after Purchaser's receipt of the TDHCA Approvals, but no later than the Outside Closing Date.

(c) Code: The Internal Revenue Code of 1986, as heretofore or hereafter amended, and the regulations from time to time promulgated thereunder.

(d) Commission: The commission payable to Broker by Purchaser upon the Closing pursuant to a separate written agreement between Purchaser and Purchaser's Broker (payment of which Seller shall have no responsibility).

(e) County: Tarrant County, Texas, the county in which the Property is located.

(f) Deed: A special warranty deed, in the form of Exhibit "B" attached hereto and incorporated herein by reference, conveying the Property to Purchaser, subject to the Permitted Exceptions.

(g) Earnest Money: Funds delivered by Purchaser to Escrow Agent in accordance with Section 4 (less the Independent Consideration), to be held by Escrow Agent and applied to the Purchase Price or otherwise disbursed in accordance with the provisions of this Agreement. If all or a portion of the Earnest Money is required to satisfy any of Purchaser's obligations under this Agreement, the term "Earnest Money" will refer to the portion remaining after the satisfaction of such obligations, if any.

(h) Effective Date: The date Escrow Agent acknowledges its receipt of a fully-executed counterpart of this Agreement and agrees to be bound by the provisions hereof.

(i) Escrow Agent: Title Company.

(j) Improvements: All right, title and interest of Seller in and to any structures, fixtures, utility lines and infrastructure, if any, presently situated on or under the Land.

(k) Inspection Period: The period of time beginning on the Effective Date and ending at 5:00 p.m. Fort Worth, Texas, time on March 31, 2019. If Purchaser does not deliver written notice of termination on or before the expiration of the Inspection Period pursuant to Section 6.3, then Purchaser shall deposit with Escrow Agent an additional payment of $10,000.00 on March 31, 2019 (the "Additional Deposit"). Upon deposit, the Additional Deposit will be non-refundable to Purchaser if the Closing does not occur, but applicable to the Purchase Price if Closing occurs.

(l) Land: That certain tract of land located in Tarrant County, Texas, which is generally described on Exhibit "A" attached hereto, together with all benefits, privileges, hereditaments, rights and appurtenances pertaining to such land.

(m) Outside Closing Date: October 31, 2019.
Permitted Exceptions: The defects, liens, encumbrances and other matters affecting title to the Property to which Purchaser does not object or is deemed to have accepted in accordance with this Agreement.

Property: The Land and Improvements.

Purchase Price: $1,430,000.

Purchaser: The party described as Purchaser in the initial paragraph of this Agreement, and any and all successors and assigns of such party, subject to the provisions of Section 14.3.

Purchaser's Broker: Mark Messer, Mark Messer Real Estate.

Seller: The party described as Seller in the initial paragraph of this Agreement.

State: Texas, the state in which the Property is located.

Survey: An ALTA/NSPS Land Title Survey of the Property, prepared by a licensed surveyor selected by Purchaser and reasonably approved by Seller, if Purchaser elects to obtain a current Survey, which Survey shall contain a standard form of certification by the surveyor to Seller, Purchaser, the Title Company and any lenders or investors of Purchaser.

Surviving Obligations: Liabilities and obligations which, by their express terms, survive the Closing or the termination of this Agreement.

Title Commitment: A current Commitment for Title Insurance pertaining to the Property for the issuance to Purchaser of the Title Policy from the Title Company.

Title Company: Rattikin Title, Attention: David Bailiff, Phone: 817-737-4800, Email: dbailiff@rattikintitle.com.

Title Policy: An Owner Policy of Title Insurance in the standard form promulgated for use in the State to be issued by the Title Company in the full amount of the Purchase Price, dated as of the Closing Date, insuring Purchaser's fee simple title to the Land to be good and indefeasible, subject to the Permitted Exceptions and the standard printed exceptions contained in a standard form Owner Policy of Title Insurance.

All terms used herein, whether or not defined in this Section 1.1, and whether used in singular or plural form, refer to the object of such term whether such is singular or plural in nature, as the context may suggest or require.

SECTION 2 - PURCHASE AND SALE

Subject to the terms, provisions and conditions hereinafter set forth, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, the Property for the Purchase Price and other consideration stated herein.

SECTION 3 - PURCHASE PRICE

Purchaser will pay the Purchase Price to Seller in accordance with Section 12 by wire transfer, a cashier's check or other method sufficient to provide Seller with "same day" or "good" funds ("Cash Funds").

SECTION 4 - EARNEST MONEY

Deposit. Within 2 business days after the Effective Date, Purchaser must deliver to Escrow Agent an Earnest Money deposit of $19,000.00 in Cash Funds. Upon the Closing, the Earnest Money will be applied to the Purchase Price. If the Closing does not occur as required pursuant to this Agreement, then Escrow Agent must disburse the Earnest Money in the manner provided for elsewhere herein. Purchaser's obligation to deliver the
Earnest Money as provided in this Section 4.1 is a condition precedent to Seller's obligations and Purchaser's rights hereunder. If Purchaser fails to deposit the Earnest Money as required herein, Seller may terminate this Agreement upon written notice to Purchaser prior to Purchaser's deposit of the Earnest Money (without any opportunity by Purchaser to cure). Following any termination by Seller in accordance with this Section 4.1, neither party will have any further rights, obligations, or remedies under this Agreement (other than Surviving Obligations). Effective as of the Effective Date hereof, the Earnest Money will be non-refundable to Purchaser, except in the case of Purchaser's termination of this Agreement as a result of Seller's default hereunder. In no other event shall any portion of the Earnest Money be returned to Purchaser absent a termination of this Agreement by Purchaser as a result of Seller's default.

4.2 Independent Consideration. Seller and Purchaser hereby acknowledge that $100.00 of the Earnest Money is independent consideration for this Agreement (the "Independent Consideration"). The parties have bargained for such amount as consideration for Purchaser's exclusive option to purchase the Property pursuant to the terms of this Agreement and for Seller's execution of this Agreement, in addition to other consideration described in this Agreement. The Independent Consideration is not refundable and, upon Closing or upon any termination of this Agreement, Escrow Agent must disburse the Independent Consideration to Seller. If Escrow Agent returns the Earnest Money to Purchaser in accordance with this Agreement for any reason, Escrow Agent must deliver the Independent Consideration to Seller notwithstanding any other provision of this Agreement.

4.3 Escrow Agent. Escrow Agent must sign this Agreement to acknowledge its receipt of this Agreement and to evidence that Escrow Agent agrees to be bound by the obligations contained herein.

SECTION 5 - SURVEY AND TITLE MATTERS

5.1 Survey. Purchaser may obtain a Survey at Purchaser's sole cost and expense. If (and only if) Purchaser closes on the purchase of the Property pursuant to this Agreement, then Seller will reimburse Purchaser for one-half (1/2) of the cost of the Survey, up to a maximum reimbursement of $2,000.00.

5.2 Title Commitment. The Purchaser shall obtain a current Title Commitment for the issuance of an Owner's Policy of Title Insurance to the Purchaser from the Title Company, together with legible copies of all documents constituting exceptions to Seller's title as reflected in the Title Commitment.

5.3 Review Period. Purchaser shall have 60 days after the Effective Date in which to review and deliver to Seller in writing such objections as Purchaser may have to anything contained or set forth in the Title Commitment, the title exception documents or the Survey. If Purchaser timely objects to any matter contained in the Title Commitment, title exception documents or Survey, Seller will have 10 days after receipt of Purchaser's objections (the "Response Period") within which Seller may (but will not be obligated to) attempt to cure such objections. If Seller notifies Purchaser at any time that Seller is unable or unwilling to cure any such objections or, alternatively, if Seller does not respond to Purchaser's objections within the Response Period, then within five days after the earlier of delivery of Seller's notice or the expiration of the Response Period, as applicable, Purchaser must elect to either (i) terminate this Agreement, in which case Seller retains the Earnest Money, or (ii) waive such objections and proceed toward Closing. If Purchaser does not elect either clause (i) or (ii) within such five-day period, then Purchaser will be deemed to have elected clause (ii). In all cases, however, Purchaser's right to terminate this Agreement pursuant to this Section 5.3 will lapse and terminate upon the expiration of the Inspection Period, at which time Purchaser's approval of the Title Commitment (and title exception documents) and Survey will become absolute and all items referenced therein will be considered Permitted Exceptions. Each item to which Purchaser does not object within the 60-day period described above, or to which Purchaser objects, but Purchaser waives, or is deemed to have waived by not terminating this Agreement, will be considered a Permitted Exception.

5.4 Title Policy. At Closing, Title Company must issue to Purchaser the Title Policy. Seller will pay the standard premium for the Title Policy at Closing as a charge against Seller, to be reflected as such on the closing statement. Purchaser will be responsible for the cost of any extended coverage, endorsements, or other modifications to the standard Title Policy.

5.5 Signage Restrictions. Notwithstanding any other provision of this Agreement, Purchaser acknowledges and agrees that the signage requirements and restrictions attached hereto as Exhibit "D" (the "Signage..."
Restrictions") shall be a Permitted Exceptions and shall be recorded as an encumbrance on the Property prior to the recording of the Deed. The provisions of this Section 5.5 shall survive the Closing.

SECTION 6 – INSPECTION AND AUDIT

6.1 Scope of Inspection. Seller agrees that Purchaser may enter upon the Property to conduct such inspections and audits as Purchaser may desire, at Purchaser's sole cost and expense, during the Inspection Period. Prior to entering upon the Property, however, Purchaser must provide to Seller (i) at least 24 hours' prior written notice of its election to conduct any such on-site inspection, and (ii) evidence of adequate insurance underwritten by an insurer reasonably acceptable to Seller, naming Seller as an additional insured party, and otherwise reasonably acceptable to Seller. Furthermore, Purchaser must not undertake any invasive testing procedures with respect to any portion of the Property without Seller's prior written permission, which shall not be unreasonably withheld. Purchaser immediately must restore the Property to its original pre-inspection condition, if changed due to the tests and inspection performed by Purchaser. If Purchaser does not purchase the Property pursuant to this Agreement, Purchaser will deliver promptly to Seller copies of any and all studies or tests, including, without limitation, soils tests, topographical information, structural tests and engineering studies (collectively, "Studies"), obtained by Purchaser in connection with its inspection of the Property. The provisions of this Section 6.1 will survive any termination of this Agreement.

6.2 Indemnity. PURCHASER HEREBY INDEMNIFIES, DEFENDS AND HOLDS SELLER AND THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF SELLER AND SELLER'S PARTNERS AND AFFILIATES (COLLECTIVELY, THE "SELLER PARTIES") HARMLESS FROM AND AGAINST ANY CLAIMS, COSTS, EXPENSES, LOSSES, DAMAGES, INJURIES, SUITS OR CAUSES OF ACTION (COLLECTIVELY, "CLAIMS") WHICH ANY SELLER PARTY SUFFERS OR INCURS AS A RESULT OF THE PRESENCE ON THE PROPERTY OF PURCHASER OR PURCHASER'S AGENTS, INDEPENDENT CONTRACTORS, SERVANTS, OR EMPLOYEES, INCLUDING, WITHOUT LIMITATION, (I) ANY AND ALL ATTORNEYS' FEES INCURRED BY THE SELLER PARTIES AS A RESULT OF A CLAIM RELATING TO SUCH MATTERS, AND (II) ANY MECHANICS' OR MATERIALMEN'S LIENS IMPOSED AGAINST ALL OR ANY PORTION OF THE PROPERTY BY A PARTY CLAIMING TO BE PERFORMING AN INSPECTION OR AUDIT ON PURCHASER'S BEHALF, PROVIDED THAT SUCH CLAIMS WERE NOT CAUSED BY ANY OF THE SELLER PARTIES. PURCHASER FURTHER WAIVES AND RELEASES ANY CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION OR OTHER REMEDIES OF ANY KIND WHATSOEVER AGAINST THE SELLER PARTIES FOR PROPERTY DAMAGE OR BODILY OR PERSONAL INJURY TO PURCHASER OR PURCHASER'S AGENTS, INDEPENDENT CONTRACTORS, SERVANTS OR EMPLOYEES ARISING OUT OF THE INSPECTION OF THE PROPERTY. TO THE EXTENT ALLOWED BY LAW, AND PROVIDED THAT SUCH PROPERTY DAMAGE OR BODILY OR PERSONAL INJURY WAS NOT CAUSED BY ANY OF THE SELLER PARTIES. The provisions of this Section 6.2 will survive the Closing and any termination of this Agreement.

6.3 Inspection Period. If Purchaser notifies Seller in writing on or before the expiration of the Inspection Period, that Purchaser, for any reason whatsoever, does not desire to purchase the Property pursuant to this Agreement, then this Agreement will terminate, Escrow Agent will release the Earnest Money to Seller, and the parties hereto will have no further obligations hereunder except for Surviving Obligations. If Purchaser does not deliver written notice of termination on or before the expiration of the Inspection Period, then Purchaser will have waived any and all claims or rights whatsoever to terminate this Agreement pursuant to this Section 6.3, and Purchaser and Seller will proceed with the Closing. In no event shall Purchaser have the right to extend the Inspection Period or terminate this Agreement beyond the Inspection Period (except in accordance with Section 5.5 above).

SECTION 7 – DISCLAIMER OF WARRANTIES

7.1 GENERAL. PURCHASER HEREBY EXPRESSLY ACKNOWLEDGES THAT PURCHASER HAS OR WILL HAVE, PRIOR TO THE END OF THE INSPECTION PERIOD, THOROUGHLY INSPECTED AND EXAMINED THE PROPERTY TO THE EXTENT DEEMED NECESSARY BY PURCHASER IN ORDER TO ENABLE PURCHASER TO EVALUATE THE PURCHASE OF THE PROPERTY. PURCHASER IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS, AND THE
PURCHASER WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AND WILL RELY UPON SAME, AND, UPON CLOSING, WILL ASSUME THE RISK OF ANY ADVERSE MATTERS, INCLUDING, BUT NOT LIMITED TO, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, THAT MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INSPECTIONS AND INVESTIGATIONS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER IS ACQUIRING THE PROPERTY ON AN “AS IS, WHERE IS” AND “WITH ALL FAULTS” BASIS, WITHOUT REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. PURCHASER HEREBY WAIVES AND RELINQUISHES ALL RIGHTS AND PRIVILEGES ARISING OUT OF, OR WITH RESPECT OR IN RELATION TO, ANY REPRESENTATIONS, WARRANTIES OR COVENANTS, WHETHER EXPRESS OR IMPLIED, WHICH MAY HAVE BEEN MADE OR GIVEN, OR WHICH MAY HAVE BEEN DEEMED TO HAVE BEEN MADE OR GIVEN, BY SELLER OR ITS AGENTS OR REPRESENTATIVES, EXCEPT FOR THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON THE CLOSING, PURCHASER AGREES TO ACCEPT THE PROPERTY SUBJECT TO ALL RISK AND LIABILITY (AND AGREES THAT SELLER WILL NOT BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER DAMAGES) RESULTING OR ARISING FROM OR RELATING TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR, OR OPERATION OF THE PROPERTY.

7.2 SPECIFIC. WITHOUT LIMITING THE GENERAL PROVISIONS OF SECTION 7.1, BUT SUBJECT TO THE PROVISIONS OF SECTION 7.3, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER IS NOT MAKING AND SPECIFICALLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, AS TO MATTERS OF TITLE, ZONING, COMPLIANCE WITH STATUTES, LAWS, REGULATIONS, OR ORDINANCES, TAX CONSEQUENCES, PHYSICAL OR ENVIRONMENTAL CONDITIONS, AVAILABILITY OF ACCESS, INGRESS OR EGRESS, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, GOVERNMENTAL REGULATIONS OR ANY OTHER MATTER OR THING RELATING TO OR AFFECTING THE PROPERTY, INCLUDING, WITHOUT LIMITATION: (I) THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY, AND (II) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY. PURCHASER FURTHER ACKNOWLEDGES THAT SELLER HAS NOT WARRANTED, AND DOES NOT HEREBY WARRANT, THAT THE PROPERTY NOW OR IN THE FUTURE WILL MEET OR COMPLY WITH THE REQUIREMENTS OF ANY SAFETY, BUILDING, ZONING OR PLATING CODES, OR ENVIRONMENTAL LAW OR LAWS OF THE STATE, COUNTY, OR CITY IN WHICH THE PROPERTY IS LOCATED OR ANY OTHER AUTHORITY OR JURISDICTION.

7.3 EXCLUDED ITEMS. THE PROVISIONS OF THIS SECTION 7 ARE LIMITED SO AS TO NOT BE CONSTRUED AS DIMINISHING OR NEGATING (I) SELLER'S RESPONSIBILITY FOR ANY REPRESENTATIONS PROVIDED IN SECTION 10 HEREOF (BUT ONLY TO THE EXTENT EXPRESSLY PROVIDED AND FOR THE DURATION STATED), AND (II) ANY WARRANTY OF TITLE SET FORTH IN THE DEED TO BE DELIVERED BY SELLER TO PURCHASER AT CLOSING.

7.4 SURVIVAL: NO MERGER WITH DEED. THE TERMS AND PROVISIONS OF THIS SECTION 7 WILL EXPRESSLY SURVIVE THE CLOSING AND WILL NOT MERGE INTO THE DEED AND OTHER DOCUMENTS TO BE DELIVERED BY SELLER TO PURCHASER AT CLOSING.

SECTION 8 -- COMMISSION

8.1 INDEMNITY. EACH PARTY HERETO REPRESENTS TO THE OTHER THAT (I) THERE ARE NO REAL ESTATE COMMISSIONS, FINDERS' FEES OR BROKERS' FEES THAT HAVE BEEN OR WILL BE INCURRED IN CONNECTION WITH THIS AGREEMENT OR THE SALE OF THE PROPERTY (OTHER THAN THE COMMISSION TO PURCHASER'S BROKER, PAYABLE SOLELY BY PURCHASER), AND (II) SUCH PARTY HAS NOT AUTHORIZED ANY BROKER OR FINDER TO ACT ON SUCH PARTY'S BEHALF IN CONNECTION WITH THE SALE AND PURCHASE HEREUNDER (OTHER THAN
PURCHASER'S BROKER, REPRESENTING PURCHASER). EACH PARTY HERETO AGREES TO INDEMNIFY AND HOLD HARMLESS THE OTHER PARTY FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, COSTS OR EXPENSES OF ANY KIND OR CHARACTER ARISING OUT OF OR RESULTING FROM ANY AGREEMENT, ARRANGEMENT OR UNDERSTANDING ALLEGED TO HAVE BEEN MADE BY SUCH PARTY WITH ANY BROKER OR FINDER (OTHER THAN WITH PURCHASER'S BROKER, REPRESENTING PURCHASER, THE COMMISSION FOR WHICH PURCHASER IS SOLELY RESPONSIBLE) IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION CONTemplated hereby. THIS OBLIGATION WILL SURVIVE THE CLOSING OR ANY EARLIER TERMINATION OF THIS AGREEMENT.

SECTION 9 - RISK OF LOSS

If Seller receives notice of a taking of all or any portion of the Property by condemnation or similar proceedings or actions, Seller shall provide a copy of such notice to Purchaser within two (2) days of receipt. If there is a taking by condemnation or similar proceedings or actions of only a portion of the Property which is not material to the Purchaser's intended use of the remainder of the Property (as mutually determined by Seller and Purchaser in their reasonable discretion), this Agreement will remain in full force and effect, and Seller must pay or assign to Purchaser at Closing Seller's interest in and to any condemnation awards or proceeds from such proceedings or actions in lieu thereof, to the extent such awards or proceeds relate to the Property. If there is a taking by condemnation or similar proceedings or actions of all of the Property or a portion of the Property which is material to the Purchaser's intended use of the remainder of the Property (as mutually determined by Seller and Purchaser in their reasonable discretion), Purchaser will have the option to terminate this Agreement upon written notice to Seller within 10 days of such condemnation, but in no event later than the Closing Date, in which event Escrow Agent will release the Earnest Money to Seller, and neither Purchaser nor Seller will have any further rights or obligations hereunder except for Surviving Obligations. If Purchaser does not exercise its option to terminate this Agreement under this Section 9, then this Agreement will remain in full force and effect and Seller must pay or assign to Purchaser at Closing Seller's interest in and to any and all condemnation awards or proceeds from such proceedings or actions in lieu thereof to the extent such awards or proceeds relate to the Property.

SECTION 10 - REPRESENTATIONS

10.1 Seller Representations. Seller makes the following representations, as of the Effective Date and as of the Closing Date:

(a) Authority and Approval. Seller is a limited partnership validly existing under the laws of the State of Texas and has all requisite power and authority to enter into and perform this Agreement. Each person executing this Agreement on behalf of Seller warrants that such person has all requisite authority to do so. Seller has received the final approval for the sale of the Property from all necessary persons.

(b) Foreign Investor Disclaimer. Seller is not a “foreign person,” as such term is defined in Section 1445 of the Code, and the sale of the Property is not subject to the federal income tax withholding requirements of such section of the Code. Seller shall execute and deliver to Purchaser at Closing a certificate (“FIRPTA Certificate”) certifying to same.

(c) Parties in Possession. To Seller's knowledge, there are no parties in possession of any portion of the Property as lessees, tenants at sufferance or trespassers.

(d) Notices. Seller has not received written notice of any presently existing (i) violation of any ordinance, regulation, law, or statute of any governmental agency pertaining to the Property, (ii) proceeding that would result in a change, redefinition or modification of the zoning classification of the Property, (iii) violation of any environmental laws or the presence of any substance or condition in violation of environmental laws, or (iv) proceeding for the taking of all or any portion of the Property by condemnation or similar proceedings or actions.

(e) Utility Plan and Drainage Plan. To Seller's knowledge, the utilities and drainage system currently applicable to the Property and the surrounding areas are reflected in the Utility Plan and Drainage Plan attached hereto as Exhibit "D."
As used herein, the term “Seller's knowledge” means the current actual present and conscious awareness or knowledge of Wes Gotcher ("Seller's Representative"), without implying any obligation of inquiry or investigation; provided that so qualifying Seller's knowledge shall in no event give rise to any personal liability on the part of Seller's Representative or any other officer or employee of Seller, on account of any breach of any representation or warranty made by Seller herein.

10.2 Purchaser Representations. Purchaser makes the following representations, as of the Effective Date and as of the Closing Date:

(a) Authority. Purchaser is duly organized and validly existing under the laws of the state of its organization and has all requisite power and authority to enter into and perform this Agreement and the documents contemplated hereby. Each person executing this Agreement on behalf of Purchaser warrants and represents that such person has all requisite authority to do so.

(b) Approval. Other than completing its inspection of the Property, Purchaser has received the final authority or approval for the purchase of the Property in accordance with the provisions hereof.

(c) Prohibited Persons and Transactions. Purchaser is currently in compliance with, and shall at all times during the term of this Agreement (including any extension thereof) remain in compliance with, the regulations of the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated Nationals and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

(d) ERISA. Purchaser is not an employee benefit plan (a "Plan") subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), Purchaser's assets do not constitute "plan assets" within the meaning of the "plan assets regulations" (29.C.F.R. Section 2510.3-101), and Purchaser is acquiring the Property for Purchaser's own personal account and that the Property shall not constitute plan assets subject to ERISA upon conveyance of the property by Seller and the closing of this Agreement between Purchaser and Seller. Seller shall not have any obligation to close the transaction contemplated by this Agreement if the transaction for any reason constitutes a prohibited transaction under ERISA. The foregoing representation and warranty shall survive the Closing.

10.3 Survival. The representations provided in this Section 10 will survive the Closing for a period of six (6) months (except for the representation made by Seller in Section 10.2(b), which will not survive the Closing), it being hereby acknowledged that such representations will not merge with the Deed to be delivered at Closing. Notwithstanding any other provision of this Agreement, any agreement contemplated by this Agreement, or any rights or claims which Purchaser might otherwise have at law, equity or by statute, whether based on contract or some other claim, Purchaser agrees that any liability of Seller to Purchaser with respect to the Surviving Obligations will be limited to $100,000.00.

SECTION 11 - COVENANTS

11.1 Seller's Covenants. Seller hereby covenants and agrees with Purchaser that prior to the Closing:

(a) Further Encumbrances. Seller will not grant or purport to grant to any third party any interest in the Property or any part thereof, or further encumber the Property without the prior written approval of Purchaser.

(b) Other Agreements. Seller will not enter into any material maintenance, management or other service contracts relating to the Property without the prior written approval of Purchaser.

(c) Violations of Law. Seller will promptly notify Purchaser in writing of any violation of any law, regulation, ordinance, order or other requirement of any governmental authority having jurisdiction over or affecting the Property, or any part thereof, of which Seller receives written notice.
SECTION 12 - CLOSING

12.1 Time and Place. The Closing will occur on the Closing Date at 10:00 a.m. Fort Worth, Texas, time at the offices of the Escrow Agent or at such other time and place mutually agreed upon by Seller and Purchaser. If the TDHCA Approvals have not been obtained on or before the Outside Closing Date, then Purchaser may elect to either: (a) terminate this Agreement effective as of the Outside Closing Date, in which case the Earnest Money will be released to Seller; or (b) waive the requirement of receiving the TDHCA Approvals and proceed to Closing on the Outside Closing Date.

12.2 Seller Delivery. At the Closing, Seller shall deliver or cause to be delivered to Escrow Agent, at Seller's sole cost and expense, each of the following:

(a) The Deed, executed and acknowledged by Seller.
(b) The FIRPTA Certificate, executed and acknowledged by Seller.
(c) A copy of the Signage Restrictions, executed and acknowledged by Seller.
(d) Executed counterpart of a settlement statement of all prorations, allocations, closing costs and payments of moneys related to the Closing ("Closing Statement").
(e) Such evidence or documents as may reasonably be required by Purchaser or the Title Company evidencing the status and capacity of Seller and the authority of the person or persons who are executing the various documents on behalf of Seller in connection with the sale of the Property.
(f) All additional documents and instruments as in the mutual and reasonable opinion of Seller's and Purchaser's counsel are reasonably necessary to the proper consummation of this transaction.

12.3 Purchaser Delivery. At least 1 business day prior to the Closing, Purchaser shall deliver to Escrow Agent, at Purchaser's sole cost and expense, the following:

(a) The Purchase Price in the amount and manner required by Section 3.
(b) Such evidence or documents as may reasonably be required by Seller or the Title Company evidencing the status and capacity of Purchaser and the authority of the person or persons who are executing the various documents on behalf of Purchaser in connection with the acquisition of the Property.
(c) All additional documents and instruments as in the mutual and reasonable opinion of Seller's and Purchaser's counsel are reasonably necessary to the proper consummation of this transaction.

12.4 Adjustments and Prorations. At the Closing, Seller and Purchaser will adjust and prorate the following items:

(a) Taxes and Assessments. Seller must credit to Purchaser: (i) all ad valorem taxes and assessments for the Property with respect to any calendar year prior to the calendar year in which Closing occurs, and (ii) all such taxes and assessments for the Property with respect to the elapsed portion of the calendar year in which Closing occurs and (iii) any amounts due by Seller to Purchaser pursuant to the provisions of Section 15.1 below. If possible, Seller's payment of such amounts must be based upon taxes and assessments actually assessed for the calendar year in which Closing occurs. If ad valorem taxes and assessments for the calendar year in which
Closing occurs have not been assessed as of Closing Date, Seller and Purchaser agree to estimate such amounts based upon ad valorem taxes and assessments for the immediately preceding calendar year. If Seller has paid taxes or assessments for the Property in advance, then Seller will be entitled to a credit for all amounts attributable to the period after the Closing Date, to be reflected as a credit on the closing statement.

(b) **Income and Expenses.** Seller and Purchaser will prorate all income and expenses pertaining to the Property (including, without limitation, owner's association dues and other assessments for the then current period) effective as of 11:59 p.m. of the day prior to the Closing Date.

(c) **Adjustments.** If any adjustments pursuant to this Section 12.4 are, subsequent to Closing, found to be erroneous, then either party hereto who is entitled to additional monies may invoice the other party for such additional amounts as may be owing, and the owing party must pay such amount within 10 days from receipt of the invoice. This covenant will survive the Closing for a period of 1 year.

12.5 **Possession.** Seller will deliver possession of the Property to Purchaser at the time of Closing, subject only to such rights of others as have been expressly disclosed herein or in the documents delivered at the Closing.

12.6 **Reporting Person.** Seller and Purchaser hereby designate Escrow Agent as the “Reporting Person” as such term is utilized in Section 6045 of the Code. Purchaser agrees to provide Escrow Agent with such information as may be required for the Escrow Agent to file a Form 1099 or other required form relative to the Closing with the Internal Revenue Service. Escrow Agent must provide a copy of the filed Form 1099 or other filed form to Seller and Purchaser simultaneously with its being provided to the Internal Revenue Service.

12.7 **Costs and Expenses.** Seller is responsible for the cost of recording the Deed. Seller is responsible for the cost of any curative work and payments necessary to deliver title to the Property free and clear of all liens, encumbrances and exceptions, save and except the Permitted Exceptions. Purchaser is responsible for any documentary stamp, intangibles, or similar taxes arising in connection with any financing arrangements made by Purchaser with respect to the Property. Except as otherwise expressly provided in this Agreement, Seller and Purchaser agree to bear all costs and expenses in connection with the transaction contemplated by this Agreement in the manner in which such costs and expenses are customarily allocated between the parties at closings of the purchase or sale of real property similar to the Property in the County and State.

SECTION 13 - DEFAULT AND REMEDIES

13.1 **Seller Default.** If Seller defaults under this Agreement, then Purchaser may elect to either (a) enforce specific performance hereunder or (b) terminate this Agreement and obtain the return of the Earnest Money. However, if the remedy of specific performance is not available to Purchaser then: (i) if such remedy is not available as a result of any willful, knowing or intentional act of Seller, then Purchaser may recover from Seller its actual, out-of-pocket damages (including, but not limited to all architectural and engineering cost and expenses) (collectively, the “Actual Costs”), up to a maximum of $250,000.00; and (ii) if such remedy is not available and Seller has not performed any willful, knowing or intentional act that causes such unavailability, Purchaser may recover from Seller its Actual Costs, up to a maximum of $50,000.00. If Purchaser elects to enforce specific performance hereunder, it must file suit in the appropriate court within 120 days after the scheduled Closing Date (and Purchaser’s failure to do so will constitute a waiver of the remedy of specific performance hereunder). The remedies set forth in this Section 13.1 are Purchaser’s sole and exclusive remedies. In no event will Seller ever be liable to Purchaser hereunder for any punitive, speculative, or consequential damages.

13.2 **Purchaser Default.** If the sale is not consummated because of a default on the part of Purchaser, then, as Seller’s sole and exclusive remedy for such default, Seller may terminate this Agreement by written notice to Purchaser. In such event: (a) Escrow Agent must deliver the Earnest Money (and the Additional Deposit) to Seller as liquidated damages for Purchaser’s default (which amount is agreed upon by and between Seller and Purchaser as liquidated damages due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty thereof). The remedy set forth in this Section 13.2 is Seller’s sole and exclusive remedy for the sale not being consummated due to a default by Purchaser. However, nothing contained in this
Section 13.2 limits Purchaser’s liability for a default in the performance of any representations, covenants, indemnities or obligations that survive the Closing or the termination of this Agreement, and Seller will have the right to pursue any remedies available at law or in equity against Purchaser for a breach of such obligations. In no event will Purchaser ever be liable to Seller hereunder for any punitive, speculative, or consequential damages.

SECTION 14 – MISCELLANEOUS

14.1 Notices. Any notice under this Agreement must be in writing and must be sent to the appropriate notice address by (a) personal delivery, (b) a recognized overnight courier, (c) United States mail, postage prepaid, certified mail, return receipt requested, or (d) email, so long as the original of the email notice is deposited in the United States mail within 3 days after the email notice is sent. Notice by personal delivery or overnight courier will be effective upon receipt, notice by mail will be effective upon deposit in the United States mail in the manner above described and notice by email will be effective upon verification of receipt. Any party may change its notice address by delivering appropriate written notice to the other party. The change in notice address will be effective 10 days after the date of the notice.

The proper address and email address for Purchaser are as follows:

Churchill Senior Residential, LLC
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: 972-550-7800
Email: bforslund@cri.bz

with a copy to:

Coats Rose Yale Ryman & Lee, P.C.
9 Greenway Plaza, Suite 1100
Houston, Texas 77046
Attention: Barry J. Palmer
Telephone: 713-653-7390
E-mail: bpalmer@coatsrose.com

The proper address and email address for Seller are as follows:

Triangle I-35 Realty, Ltd.
303 West Wall Street, Suite 1500
Midland, Texas 79701
Attn: Wes Gotcher
Telephone: 432-682-2510
Email: wes@moriahgroup.net

with a copy to:

Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201
Attention: Michael F. Alessio
Telephone: 214-745-5144
E-mail: malessio@winstead.com

14.2 Confidentiality. Except as otherwise provided herein, Seller, Purchaser, and Escrow Agent agree not to disclose to the public or to any third party any information regarding the terms of this Agreement. Notwithstanding the foregoing, Seller, Purchaser or Escrow Agent may disclose any aspect of this if required under applicable law or if required by the Texas Department of Housing and Community Affairs in connection with participation in its Housing Tax Credit Program. Furthermore, Seller and Purchaser may disclose such matters on a confidential basis to any attorneys, accountants, professional consultants, financial advisors, partners, investors or potential investors, or lenders or potential lenders to the extent necessary to complete the transaction contemplated.
by this Agreement. The provisions of this Section 14.2 will survive any termination or cancellation of this Agreement.

14.3 Successors and Assignment. This Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, legal representatives, and permitted successors and assigns. The rights of Seller under this Agreement are not assignable without the prior written consent of Purchaser, which consent shall not be unreasonably withheld. The rights of Purchaser under this Agreement are not assignable without the prior written consent of Seller, which consent may be granted or withheld at Seller’s sole discretion, unless the assignment is made to either (i) an entity that can qualify for an ad valorem tax exemption; or (ii) an entity which controls, is controlled by, or is under common control with Purchaser, or in which Purchaser owns a membership interest; in which case Seller’s consent is not required. In any event, the assignee must assume the obligations of its assignor hereunder pursuant to an agreement in form and substance reasonably acceptable to the non-assigning party, and in no case will the assignor be released from the performance of its obligations hereunder.

14.4 No Recordation. Neither party will record this Agreement or any memorandum or affidavit of this Agreement.

14.5 Governing Law. This Agreement is governed by the laws of the State and is performable in, and the exclusive venue for any action brought with respect hereto, will be in the County and State.

14.6 Amendment. To be effective, any amendment or modification of this Agreement must be in writing and must be signed by an authorized signatory of Seller and Purchaser.

14.7 No Oral or Implied Waiver. The parties may waive any of the rights or conditions contained herein or any of the obligations of the other party hereunder, but unless this Agreement expressly provides that a condition, right, or obligation is deemed waived, any such waiver will be effective only if in writing and signed by the party waiving such condition, right, or obligation. The failure of either party to insist at any time upon the strict performance of any covenant or agreement in this Agreement or to exercise any right, power, or remedy contained in this Agreement will not be construed as a waiver or a relinquishment thereof for the future.

14.8 Time of Essence. Time is of the essence in the performance of the covenants contained in this Agreement.

14.9 Legal Fees. If it becomes necessary for either party hereto to file a suit to enforce this Agreement or any provisions contained herein, the party prevailing in such action is entitled to recover, in addition to all other remedies or damages, reasonable legal fees and court costs incurred by the prevailing party in such suit.

14.10 Headings. The descriptive headings of the various Sections contained in this Agreement are inserted for convenience only and do not control or affect the meaning or construction of any of the provisions hereof.

14.11 Total Agreement. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

14.12 Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected thereby, and each term and provision of this Agreement will be valid and enforced to the fullest extent permitted by law.

14.13 Counterpart Execution. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It is not necessary that the signature of all persons required to bind any party appear on each counterpart. All counterparts collectively constitute a single instrument.
14.14 **Weekends and Holidays.** If the date upon which any duties or obligations hereunder to be performed occurs upon a weekend or legal holiday, then, in such event, the due date for performance of any duty or obligation automatically will be extended to the next succeeding business day. However, any future dates that are dependent upon the date that falls on the weekend or legal holiday will be figured from the original date (rather than the date to which the original date was extended). By way of example, if the Inspection Period expires on a Saturday and the Closing Date is scheduled for the date that is 45 days thereafter, then the Inspection Period deadline will be extended to the first business day after Saturday but the Closing Date will occur on the date that is 45 days after Saturday.

14.15 **Rule of Construction.** Seller and Purchaser acknowledge that each party and its counsel have taken the opportunity to review and revise this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

14.16 **Offer.** This Agreement, when first signed by either party, represents an offer to sell or purchase the Property, as the case may be, that will expire automatically (without any further notice from or action by such party) on the 10th day after execution by the offering party unless it is signed by both parties and received by the offeror within such period.

**SECTION 15 - SPECIAL PROVISIONS**

15.1 **Rollback Taxes.** In accordance with Section 5.010(a) of the Texas Property Code, as amended, Seller hereby notifies Purchaser of the following:

**NOTICE REGARDING POSSIBLE LIABILITY FOR ADDITIONAL TAXES**

If for the current ad valorem tax year the taxable value of the land that is the subject of this Agreement is determined by a special appraisal method that allows for appraisal of the land at less than its market value, the person to whom the land is transferred may not be allowed to qualify the land for that special appraisal in a subsequent tax year and the land may then be appraised at its full market value. In addition, the transfer of the land or a subsequent change in the use of the land may result in the imposition of an additional tax ("Rollback Tax") plus interest as a penalty for the transfer or the change in the use of the land. The taxable value of the land and the applicable method of appraisal for the current tax year is public information and may be obtained from the tax appraisal district established for the county in which the land is located.

Notwithstanding any provision herein to the contrary, Purchaser and Seller shall each be responsible for the payment of fifty percent (50%) of any Rollback Tax assessed against the Property; however purchaser's portion will not exceed $150,000 as a result of a change in land use or ownership as contemplated and provided under this Agreement. Seller and Purchaser shall estimate the amount of Rollback Tax that will be payable as a result of the change in use of the Property following Closing and escrow such amounts with Title Company for payment when the amounts are due, subject to the provisions of Section 12.4(c) above. The provisions of this Section 15.1 shall survive Closing.

15.2 **Section 1031 Exchange.** Purchaser or Seller may consummate the purchase or sale, respectively, of the Property as part of a like-kind exchange (the "Exchange") pursuant to §1031 of the Internal Revenue Code of 1986, as amended, provided that: (a) the Closing shall not be delayed or affected by reason of the Exchange unless agreed to by Purchaser and Seller and (b) the non-exchanging party shall not be required to acquire or hold title to any real property for purposes of consummating the Exchange. The non-exchanging party shall not, by this Agreement or acquiescence to the Exchange, (a) have its rights under this Agreement affected or diminished in any manner or incur any additional liability or expense or (b) be responsible for compliance with or be deemed to have warranted to the exchanging party that the Exchange in fact complies with §1031 of the Internal Revenue Code of 1986, as amended.

15.3 **NOTICE OF WATER LEVEL FLUCTUATIONS.** The water level of the impoundment of
water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions.

15.4 HUD Environmental. Provided that Purchaser initiates (by appropriate notice or filing or otherwise) a review of the Property by the Texas Department of Housing and Community Affairs ("TDHCA") prior to the expiration of the Inspection Period and thereafter diligently pursues obtaining the TDHCA Approval Confirmation (as hereinafter defined), it shall be a condition to Purchaser's obligation to Close that TDHCA has provided Purchaser and Seller with a written notification (the "TDHCA Approval Confirmation") that: (1) TDHCA has completed a federally required environmental review and its request for release of funds has been approved and, (a) the purchase may proceed, or (b) the purchase may proceed only if certain conditions to address issues in the environmental review shall be satisfied after the purchase of the property; or (2) TDHCA has determined that the purchase is exempt from federal environmental review and a request for release of funds is not required. Purchaser shall use its best efforts to obtain the TDHCA Approval Confirmation expeditiously. If TDHCA provides Purchaser with notice that a release of funds has been denied or that the purchase may not proceed (a "Denial Notice"), then Purchaser shall immediately notify Seller of the Denial Notice in writing, at which time, at Purchaser's option, this Agreement shall immediately terminate, all Earnest Money and other deposits made by Purchaser hereunder shall be released immediately to Seller, and the parties shall have no further rights or obligations hereunder except the Surviving Obligations.

[Signature page follows.]
EXECUTED on ____________, 2018, by Purchaser.

PURCHASER:

CHURCHILL SENIOR RESIDENTIAL, LLC,
a Texas limited liability company

By:

Bradley E. Ferslund, President

EXECUTED on ____________, 2018, by Seller.

SELLER:

TRIANGLE 1-35 REALTY, LTD.,
a Texas limited partnership,

By: Western Green Oaks Corporation,
a Texas corporation,
it's general partner

By: ____________________________
Name: ___________________________
Title: ___________________________

The Agreement has been received by Escrow Agent on ____________, 2018. Escrow Agent agrees to be bound by the terms and provisions of this Agreement, including those described in Section 4 hereof.

ESCROW AGENT:

RATTIKIN TITLE COMPANY,
a Texas corporation

By: ____________________________
Name: ___________________________
Title: ___________________________

ATTACHMENTS:

Exhibit "A" - Land Depiction
Exhibit "B" - Special Warranty Deed
Exhibit "C" - Signage Restrictions
Exhibit "D" - Utility Plan and Drainage Plan
EXECUTED on _________, 2018, by Purchaser.

PURCHASER:

CHURCHILL SENIOR RESIDENTIAL, LLC,
a Texas limited liability company

By: ________________________________

Bradley E. Forlund, President

EXECUTED on _________, 2018, by Seller.

SELLER:

TRIANGLE I-35 REALTY, LTD.,
a Texas limited partnership,

By: Western Green Oaks Corporation,
a Texas corporation, its general partner

By: ________________________________

Name: CARY D. BROWN
Title: DIRECTOR

The Agreement has been received by Escrow Agent on _________, 2018. Escrow Agent agrees to be bound by the terms and provisions of this Agreement, including those described in Section 4 hereof.

ESCROW AGENT:

RATTIKIN TITLE COMPANY,
a Texas corporation

By: ________________________________

Name: DAVID BAILIFF
Title: ________________________________

ATTACHMENTS:

Exhibit “A” - Land Depiction
Exhibit “B” - Special Warranty Deed
Exhibit “C” - Signage Restrictions
Exhibit “D” - Utility Plan and Drainage Plan
EXHIBIT "A"

LAND

Lot 4, Block 2, MORIAH AT TIMBERLAND, an Addition to the City of Fort Worth, Tarrant County, Texas, according to plat filed for record under Clerk's File No. D217160408, Deed Records of Tarrant County, Texas.
EXHIBIT “B”

SPECIAL WARRANTY DEED

STATE OF TEXAS §

COUNTY OF TARRANT §

KNOW ALL MEN BY THESE PRESENTS:

THAT TRIANGLE L-35 REALTY, LTD., a Texas limited partnership (the "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars ($10.00) cash and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, paid by (the "Grantee"), subject to the provisions set forth herein, HAS GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents DOES GRANT, BARGAIN, SELL and CONVEY unto Grantee all of that certain tract or tracts of land (the "Land") described on Exhibit "A" which is attached hereto and incorporated herein by reference for all purposes, together with all of Grantor's right, title and interest in and to any improvements located thereon and any easements, interests, benefits, privileges, rights and appurtenances pertaining to such Land (said Land, improvements, easements, interests, benefits, privileges, rights and appurtenances being herein collectively referred to as the "Property").

This conveyance is made subject to the those items of record set forth on Exhibit "B" attached hereto and incorporated herein by this reference for all purposes (the "Permitted Exceptions"), to the extent they are validly existing and applicable to the Property.

TO HAVE AND TO HOLD the Property unto Grantee, and Grantee's successors and assigns forever, and Grantor does hereby bind Grantor, and Grantor's successors and assigns, to WARRANT and FOREVER DEFEND, all and singular the Property unto Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise, and subject, however, to the Permitted Exceptions.

[Signature pages follow]
EXECUTED this _____ day of ______________, 20__. 

GRANTOR:

TRIANGLE I-35 REALTY, LTD.,
a Texas limited partnership,

By: Western Green Oaks Corporation,
a Texas corporation,
its general partner

By: __________________
Name: __________________
Title: __________________

STATE OF TEXAS

COUNTY OF __________

This instrument was ACKNOWLEDGED before me on __________, 20__, by 

Western Green Oaks Corporation, a Texas corporation, the general partner of TRIANGLE I-35 REALTY, LTD., a Texas limited partnership, on behalf of said limited partnership.

Notary Public - State of Texas

My Commission Expires: __________________

Printed Name of Notary Public

After Recording Return To:

Grantee's Address For Notice Purposes:

EXHIBIT "B", Special Warranty Deed – Page 2
EXHIBIT "C"

SIGNAGE RESTRICTIONS

Follows this cover page.
SIGNAGE RESTRICTION

This Signage Restriction (the "Signage Restriction") is made by TRIANGLE I-35 REALTY, LTD., a Texas limited partnership (the "Declarant"), and is as follows:

RECITALS:

A. This Signage Restriction is filed with respect to certain real property located in Tarrant County, Texas, described on Exhibit A attached hereto and incorporated herein (the "Property"). Declarant is the owner of the Property.

B. By the filing of this Signage Restriction, Declarant serves notice that the Property will be subjected to the terms and provisions of this Signage Restriction.

NOW, THEREFORE, it is hereby declared: (i) that the Property (or any portion thereof) will be held sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each owner thereof; and (ii) that each contract or deed conveying the Property (or any portion thereof) will conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

1. Signage Restrictions. There shall be no exterior free-standing signage erected on the Property, with the exception of any one (1) monument sign in the design as set forth on Exhibit B attached hereto (to the extent permitted by law and approved by all applicable governing authorities). All present and future owners of the Property, by acceptance of a deed or other conveyance of the Property, or any portion thereof, obligate themselves and agree with the foregoing signage restriction, which restriction, covenant, burden and limitation shall be deemed to run with the Property and all portions thereof.

2. Term. This Signage Restriction shall continue in full force and effect until the date that is five (5) years following the date that this Signage Restriction is recorded, at which time this Signage Restriction shall automatically terminate and shall be of no further force or effect.

3. Amendments. This Signage Restriction may be amended only by written instrument, duly executed and acknowledged by the Declarant and the then-current owner of the Property, recorded in the Deed Records of Tarrant County.

4. Enforcement. In the event of any violation of the restriction by any successor owner or occupant of all or any portion of the Property, Declarant shall be entitled to enforce the restriction by any
lawful means, including filing an action in a court of competent jurisdiction, at law or in equity, against the person violating or attempting to violate the restriction, either to prevent the violation or to require its correction.

5. **Governing Law.** This Signage Restriction shall be governed by the laws of the State of Texas.

[Signature page follows.]
DECLARANT:

TRIANGLE I-35 REALTY, LTD.,
a Texas limited partnership,

By: Western Green Oaks Corporation,
a Texas corporation,
    its general partner

By: ____________________________________________
    Name: _______________________________________
    Title: _______________________________________

THE STATE OF TEXAS

COUNTY OF ___________________________________

This instrument was ACKNOWLEDGED before me on __________, 2019, by
Western Green Oaks Corporation, a Texas corporation, the general partner of TRIANGLE I-35
REALTY, LTD., a Texas limited partnership, on behalf of said limited partnership.

(SEAL)

Notary Public for the State of Texas

My Commission Expires: _______________________________________

Printed Name of Notary Public

SIGNAGE RESTRICTION – Signature Page
EXHIBIT A

THE PROPERTY

Lot 4, Block 2, MORIAH AT TIMBERLAND, an Addition to the City of Fort Worth, Tarrant County, Texas, according to plat filed for record under Clerk's File No. D217160408, Deed Records of Tarrant County, Texas.
EXHIBIT B
MONUMENT DESIGN

TYPICAL MONUMENT SIGN
Good afternoon,

Please be advised we are in receipt of $10,000 via cashier’s check as earnest money for this transaction.

Thank you,

Stephen Lindsey  
Escrow Officer & Attorney at Law

Rattikin Title Company  
3707 Camp Bowie Boulevard, Suite 120 | Fort Worth, TX 76107

O: 817-737-4800 (main)  
O: 817-334-1347 (direct)  
F: 817-737-4801  
E: SLindsey@RattikinTitle.com  
W: www.RattikinTitle.com

To All:

Sorry for the delay. Receipted Purchase and Sale Agreement attached with wire info for future reference.

Yours truly,

David Bailiff  
Vice President/Escrow Officer

Rattikin Title Company  
3707 Camp Bowie Boulevard, Suite 120 | Fort Worth, TX 76107  
O: 817-737-4800  
F: 817-737-4801  
E: DBailiff@RattikinTitle.com  
W: www.RattikinTitle.com
To: David L. Bailiff <dbailiff@RattikinTitle.com>; Tony Sisk <tsisk@cri.bz>; Wes Gotcher <Wes@moriahgroup.net>
Cc: Brad Forslund <bforslund@cri.bz>; Michelle Bless <mbless@cri.bz>
Subject: RE: CHURCHILL - PSA with Moriah Group- Golden Triangle

David – we are on a short 2 day window to deposit the earnest money; therefore we are going to overnight a check to your attention to this address.

Rattikin Title Company
3707 Camp Bowie Boulevard, Suite 120 | Fort Worth, TX 76107

Thanks, Becky

From: Becky Villanueva
Sent: Thursday, December 13, 2018 9:51 AM
To: ‘David L. Bailiff’ <dbailiff@RattikinTitle.com>; Tony Sisk <tsisk@cri.bz>; ‘Wes Gotcher’ <Wes@moriahgroup.net>
Cc: Brad Forslund (bforslund@cri.bz) <bforslund@cri.bz>; Michelle Bless <mbless@cri.bz>
Subject: CHURCHILL - PSA with Moriah Group- Golden Triangle

Good Morning David,

Attached is an executed contract to put this site back under contract. If you would send wiring instructions we will get the $10,000 earnest money to you today. The previous GF#16-00069.

Thank you,

Becky

Becky Villanueva
Real Estate Associate
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972-550-7800 x 235
FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement ("First Amendment") is made and entered into by and between TRIANGLE I-35 REALTY, LTD, a Texas limited partnership ("Seller") and CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P., a Texas limited partnership ("Purchaser") as of the 18th day of March 2019 ("First Amendment Effective Date").

RECITALS

A. Seller and Purchaser entered into a Purchase and Sale Agreement ("Agreement") with an Effective Date of December 13, 2018, for the sale and purchase of approximately 5.282 +/- acres (Land) of real property of land located in Fort Worth, Tarrant County, Texas.

B. Pursuant to Section 1 item (k) of the Agreement, Seller and Purchaser desire to amend the Agreement to revise the Inspection Period.

C. All defined terms in this First Amendment that are not defined herein have the same meanings given to those terms in the Purchase and Sale Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this First Amendment, Seller and Purchaser amend the Purchase and Sale Agreement as follows:

1. **Inspection Period.** Section 1 (k) of the Purchase and Sale Agreement is amended to extend the end of the Inspection Period and the payment of the Additional Deposit from March 31, 2019 to May 20, 2019.

   Except as amended by this First Amendment, the Purchase and Sale Agreement is ratified and confirmed by Seller and Purchaser.

   [signatures on following page]
Executed by Seller and Purchaser as of the First Amendment Effective Date, in multiple counterparts.

SELLER:  
TRIANGLE I-35 REALTY, LTD  
A Texas limited partnership  
By: Western Green Oaks Corporation,  
    A Texas corporation,  
    Its general partner  

    By:  
    Name: Cary D. Brown  
    Title: Director  

PURCHASER:  
CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P.,  
a Texas limited partnership  

By:  
Name: Bradley E. Forslund  
Title: Manager of Special Limited Partner
Executed by Seller and Purchaser as of the First Amendment Effective Date, in multiple counterparts.

SELLER:  
TRIANGLE I-35 REALTY, LTD  
A Texas limited partnership  
By Western Green Oaks Corporation,  
A Texas corporation,  
Its general partner  

By:                                         
Name:                                         
Title:                                         

PURCHASER:  
CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P.,  
a Texas limited partnership  

By: [Signature]  
Name: Bradley E. Forlund  
Title: Manager of Special Limited Partner
EXHIBIT "D"

UTILITY PLAN AND DRAINAGE PLAN

Follows this cover page.
THE FOLLOWING COMMITMENT FOR TITLE INSURANCE IS NOT VALID UNLESS YOUR NAME AND THE POLICY AMOUNT ARE SHOWN IN SCHEDULE A, AND OUR AUTHORIZED REPRESENTATIVE HAS COUNTERSIGNED BELOW.

COMMITMENT FOR TITLE INSURANCE

Issued By

ALLIANT NATIONAL TITLE INSURANCE COMPANY, INC.

We (Alliant National Title Insurance Company, Inc.) will issue our title insurance policy or policies (the Policy) to You (the proposed insured) upon payment of the premium and other charges due, and compliance with the requirements in Schedule C. Our policy will be in the form approved by the Texas Department of Insurance at the date of issuance, and will insure your interest in the land described in Schedule A. The estimated premium for our Policy and applicable endorsements is shown on Schedule D. There may be additional charges such as recording fees, and expedited delivery expenses.

This Commitment ends ninety (90) days from the effective date, unless the Policy is issued sooner, or failure to issue the Policy is our fault. Our liability and obligations to you are under the express terms of this Commitment and end when this Commitment expires.

Authorized

RATTIKIN TITLE COMPANY

By:

ALLIANT NATIONAL TITLE INSURANCE COMPANY

By:  
President

Attest:  
Secretary
Title insurance insures you against loss resulting from certain risks to your title.

The commitment for Title Insurance is the title insurance company's promise to issue the title insurance policy. The commitment is a legal document. You should review it carefully to completely understand it before your closing date.

El seguro de título le asegura en relación a perdidas resultantes de ciertos riesgos que pueden afectar el título de su propiedad. El Compromiso para Seguro de Título es la promesa de la compañía aseguradora de títulos de emitir la póliza de seguro de título. El Compromiso es un documento legal. Usted debe leerlo cuidadosamente y entenderlo completamente antes de la fecha para finalizar su transacción.

Your Commitment for Title Insurance is a legal contract between you and us. The Commitment is not an opinion or report of your title. It is a contract to issue you a policy subject to the Commitment's terms and requirements.

Before issuing a Commitment for Title Insurance (the Commitment) or a Title Insurance Policy (the Policy), the title Insurance Company (the Company) determines whether the title is insurable. This determination has already been made. Part of that determination involves the Company's decision to insure the title except for certain risks that will not be covered by the Policy. Some of these risks are listed in Schedule B of the attached Commitment as Exceptions. Other risks are stated in the Policy as Exclusions. These risks will not be covered by the Policy. The Policy is not an abstract of title nor does a Company have an obligation to determine the ownership of any mineral interest.

MINERALS AND MINERAL RIGHTS may not be covered by the Policy. The Company may be unwilling to insure title unless there is an exclusion or an exception as to Minerals and Mineral Rights in the Policy. Optional endorsements insuring certain risks involving minerals, and the use of improvements (excluding laws, shrubbery and trees) and permanent buildings may be available for purchase. If the title insurer issues the title policy with an exclusion or exception to the minerals and mineral rights, neither this Policy, nor the optional endorsements, ensure that the purchaser has title to the mineral rights related to the surface estate.

Another part of the determination involves whether the promise to insure is conditioned upon certain requirements being met. Schedule C of the Commitment lists these requirements that must be satisfied or the Company will refuse to cover them. You may want to discuss any matters shown in Schedules B and C of the Commitment with an attorney. These matters will affect your title and your use of the land.

When your Policy is issued, the coverage will be limited by the Policy's Exception, Exclusions and Conditions, defined below.

**Exceptions** are title risks that a Policy generally covers but does not cover in a particular instance. Exceptions are shown on Schedule B or discussed in Schedule C of the Commitment. They can also be added if you do not comply with the Conditions section of the Commitment. When the Policy is issued, all Exceptions will be on Schedule B of the Policy.

**Exclusions** are title risks that a Policy generally does not cover. Exclusions are contained in the Policy but not shown or discussed in the Commitment.

**Conditions** are additional provisions that qualify or limit your coverage. Conditions include your responsibilities and those of the Company. They are contained in the Policy but not shown or discussed in the Commitment. The Policy Conditions are not the same as the Commitment Conditions.

You can get a copy of the policy form approved by the Texas Department of Insurance by calling the Title Insurance Company at (877)788-9800 or by calling the title insurance agent that issued the Commitment. The Texas Department of Insurance may revise the policy form from time to time.
You can also get a brochure that explains the policy from the Texas Department of Insurance by calling (800)252-3439.

Before the Policy is issued, you may request changes in the policy. Some of the changes to consider are:

Request amendment of the "area and boundary" exception (Schedule B, paragraph 2). To get this amendment, you must furnish a survey and comply with other requirements of the Company. On the Owner's Policy, you must pay an additional premium for the amendment. If the survey is acceptable to the Company and if the Company's other requirements are met, your Policy will insure you against loss because of discrepancies or conflicts in boundary lines, encroachments or protrusions, or overlapping of improvements. The Company may then decide not to insure against specific boundary or survey problems by making special exceptions in the Policy. Whether or not you request amendment of the "area and boundary" exception, you should determine whether you want to purchase and review a survey if a survey is not being provided to you.

Allow the Company to add an exception to "rights of parties in possession". If you refuse this exception, the Company or the title insurance agent may inspect the property. The Company may except to and not insure you against the rights of specific persons, such as renters, adverse owners or easement holders who occupy the land. The company may charge you for the inspection. If you want to make your own inspection, you must sign a Waiver of Inspection form and allow the Company to add this exception to your Policy.

The entire premium for a Policy must be paid when the Policy is issued. You will not owe any additional premiums unless you want to increase your coverage at a later date and the Company agrees to add an Increased Value Endorsement.
Commitment No. 18-4566, issued February 18, 2019, 8:00 AM

1. The policy or policies to be issued are:
   a. OWNER'S POLICY OF TITLE INSURANCE (Form T-1)
      (Not applicable for improved one-to-four family residential real estate)
      Policy Amount: $1,430,000.00
      PROPOSED INSURED: Churchill at Golden Triangle Community, L.P., a Texas limited partnership
   b. TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
      ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)
      Policy Amount:
      PROPOSED INSURED:
   c. LOAN POLICY OF TITLE INSURANCE (Form T-2)
      Policy Amount: $0.00
      PROPOSED INSURED:
      Proposed Borrower: Churchill at Golden Triangle Community, L.P., a Texas limited partnership
   d. TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE (Form T-2R)
      Policy Amount:
      PROPOSED INSURED:
      Proposed Borrower:
   e. LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form T-13)
      Binder Amount:
      PROPOSED INSURED:
      Proposed Borrower:
   f. OTHER
      Policy Amount:
      PROPOSED INSURED:

2. The interest in the land covered by this Commitment is:
   Fee Simple

3. Record title to the land on the Effective Date appears to be vested in:
   TRIANGLE I-35 REALTY, LTD., a Texas limited partnership

4. Legal description of land:
   Lot 4, Block 2, MORIAH AT TIMBERLAND ADDITION, an Addition to the City of Fort Worth, Tarrant County, Texas, according to plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.
SCHEDULE B

Commitment No.: 18-4566

GF No.: 18-4566

EXCEPTIONS FROM COVERAGE

In addition to the Exclusions and Conditions and Stipulations, your Policy will not cover loss, costs, attorney's fees, and expenses resulting from:

1. The following restrictive covenants of record itemized below:

   Covenants as recorded under Clerk's File No. D210012041, Deed Records of Tarrant County, Texas, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) related to handicap but does not discriminate against handicapped persons.

2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.

3. Homestead or community property or survivorship rights, if any of any spouse of any insured. (Applies to the Owner's Policy only.)

4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
   a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
   b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
   c. to filled-in lands, or artificial islands, or
   d. to statutory water rights, including riparian rights, or
   e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.

   (Applies to the Owner's Policy only.)

5. Standby fees, taxes and assessments by any taxing authority for the year 2018, and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year. (If Texas Short form Residential Loan Policy (T-2R) is issued, that policy will substitute "which become due and payable subsequent to Date of Policy" in lieu of "for the year 2018, and subsequent years.")

6. The terms and conditions of the documents creating your interest in the land.

7. Materials furnished or labor performed in connection with planned construction before signing and delivering the lien document described in Schedule A, if the land is part of the homestead of the owner. (Applies to the Loan Title Policy Binder on Interim Construction Loan only, and may be deleted if satisfactory evidence is furnished to us before a binder is issued.)
8. Liens and leases that affect the title to the land, but that are subordinate to the lien of the insured mortgage. (Applies to Loan Policy (T-2) only.)

9. The Exceptions from Coverage and Express Insurance in Schedule B of the Texas Short Form Residential Loan Policy of Title Insurance (T-2R). (Applies to Texas Short Form Residential Loan Policy of Title Insurance (T-2R) only.) Separate exceptions 1 through 8 of this Schedule B do not apply to the Texas Short Form Residential Loan Policy of Title Insurance (T-2R).

10. The following matters and all terms of the documents creating or offering evidence of the matters:

   a. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land. (Note: Upon receipt of a survey acceptable to Company, this exception will be deleted. Company reserves the right to add additional exceptions per its examination of said survey.)

   b. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the Public Records whether listed in Schedule "B" or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.

   c. Rights of parties in possession. (Owners Policy Only)

   d. A 10 foot by 10 foot public open space restriction and/or easement over the Northeast corner(s) of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   e. A 10 foot by 10 foot public open space restriction and/or easement on the East side(s) of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   f. A 5 foot wide easement along the East side(s) of the property for public utilities, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   g. A 15 foot wide water easement along the South and West side(s) of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   h. A 15 foot by 15 foot wide water easement on the West side(s) of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   i. A 20 foot wide public access easement along the South and East side(s) of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   j. A 15 foot wide private drainage easement in the Southeast corner of the property, as shown by plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

   k. Notice(s) of any law, ordinance, permit, fees or governmental regulation (including building and zoning) restricting, regulating, prohibiting or relating to the occupancy, use, or enjoyment of the property, as noted and/or shown on plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.
SCHEDULE B
(Continued)

l. Easement for right-of-way recorded in Volume 5370, Page 356, Deed Records of Tarrant County, Texas.

m. Terms, conditions, stipulations of, and easements granted by TRI-COUNTY ELECTRIC CO-OPERATIVE, INC. ELECTRIC LINE AND RIGHT OF WAY, recorded in Volume 12826, Page 437, and shown on plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

n. Interest in all oil, gas, and other minerals as reserved in deed filed for record under Clerk's File No. D206086268, Deed Records of Tarrant County, Texas. Title to said mineral interest has not been checked subsequent to the date of recording of the referenced instrument.

o. Terms, conditions, stipulations of, and easements granted by DECLARATION OF COVENANTS AND RESTRICTIONS AND GRANT OF EASEMENTS filed for record under Clerk's File No. D210012041, Deed Records of Tarrant County, Texas.

p. Terms, conditions, stipulations of, and easements granted by CITY OF FORT WORTH PUBLIC ACCESS EASEMENT filed for record under Clerk's File No. D214137315, and shown on plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

q. Terms, conditions, stipulations of, and easements granted by PERMANENT DRAINAGE FACILITY EASEMENT filed for record under Clerk's File No. D214138990 and shown on plat filed for record under Clerk's File No. D217204252, Deed Records of Tarrant County, Texas.

r. Rights of tenants in possession, as tenants only, under any unrecorded leases or rental agreements.
Your Policy will not cover loss, costs, attorney's fees, and expenses resulting from the following requirements that will appear as Exceptions in Schedule B of the Policy, unless you dispose of these matters to our satisfaction, before the date the Policy is issued:

1. Documents creating your title or interest must be approved by us and must be signed, notarized and filed for record.

2. Satisfactory evidence must be provided that:
   a. no person occupying the land claims any interest in that land against the persons named in paragraph 3 of Schedule A,
   b. all standby fees, taxes, assessments and charges against the property have been paid,
   c. all improvements or repairs to the property are completed and accepted by the owner, and that all contractors, sub-contractors, laborers and suppliers have been fully paid, and that no mechanic's, laborer's or materialmen's liens have attached to the property,
   d. there is legal right of access to and from the land,
   e. (on a Loan Policy only) restrictions have not been and will not be violated that affect the validity and priority of the insured mortgage.

3. You must pay the seller or borrower the agreed amount for your property or interest.

4. Any defect, lien or other matter that may affect title to the land or interest insured, that arises or is filed after the effective date of this Commitment.

5. OTHER SPECIFIC EXCEPTIONS:
   a. Unless otherwise requested in writing prior to closing of the subject transaction, all Endorsements to each Loan Policy of Title Insurance issued pursuant to this Commitment able to be incorporated by reference will be so incorporated in each said Loan Policy.
      i. The Company shall follow the Rules as set out by the Texas Department of Insurance in disbursing the funds provided by the Assured and/or Insured on Schedule A of this Commitment. Good Funds shall be as defined in Rule P-27; however, the Company requires that such funds be "collected funds" prior to disbursement, except for funds delivered to the Company by bank wire, cashier's check or cash. The Company does not accept any ACH (Automated Clearing House) funds of any type or form. The Company's wire transfer instructions are attached to this commitment.
      ii. Your policy will contain an arbitration provision. It allows you or the Company to require arbitration if the amount of insurance is $2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing the enclosed form and returning it to the Company at or before the closing of your real estate transaction. (Not applicable to Residential Owner Policy)
      iii. The Contract you entered into agreeing to purchase the property described in Schedule
SCHEDULE C
(Continued)

A of this Commitment may provide that the standard Owner Title Policy contains an exception as to "discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping of improvements", and that Buyer, at Buyer's expense or at the expense of the party designated in the Contract, may have the exception amended to read, "shortages in area", thereby giving you coverage for these matters.

Also, the Texas Title Insurance Information portion of this Commitment for Title Insurance advises the Insured that the Policy will insure against loss because of such discrepancies or conflicts in boundary lines, encroachment or protrusions, or overlapping of improvements, so long as a survey is provided that is acceptable to the Company, and an additional premium for the coverage is paid.

The Owner Policy of Title Insurance to be issued in this transaction will contain the coverage described in the above paragraph, and, unless the Contract provides otherwise, the Insured will be charged the additional premium promulgated by the Texas Department of Insurance, unless an acceptable survey is not furnished, or, on or before the date of closing, the Insured advises the Company in writing that the Insured rejects this coverage.

(Applies to the Owner Title Insurance Policy only)

v. The Texas Title Insurance Information portion of this Commitment advises the Insured that the Policy is not an abstract of title and that the Company does not have an obligation to determine the ownership of any mineral interest(s). In addition, it states that minerals and mineral rights may not be covered by the Policy and that the Company may include an exclusion or exception as to minerals and mineral rights in the Policy. In the event the Company issues the Policy with an exclusion or exception to mineral and mineral rights, optional endorsements insuring certain risks involving minerals and the use of improvements (excluding lawns, shrubbery and trees) and permanent buildings, as applicable for the nature of the property to be insured, may be available upon payment of an additional premium. However, if the Policy is issued with an exclusion or exception as to minerals and mineral rights, neither this Policy, nor the optional endorsements insure that the Insured has title to the minerals or mineral rights related to the surface estate.

The Owner's Policy of Title Insurance to be issued in this transaction will contain the coverage described in the above paragraph, and the Insured will be charged the additional premium promulgated by the Texas Department of Insurance, unless, on or before the date of closing, (i) the Company chooses not to issue such coverage or, (ii) the Insured advises the Company in writing that the Insured rejects this coverage.

(Applies to the Owner's Policy of Title Insurance only.)

vi. All oil, gas, and/or other reservations created at closing of the subject transaction shall be included as an exception in the Policy/Policies issued.

vii. This transaction may be subject to a confidential order issued pursuant to the Bank Secrecy Act. Information necessary to comply with the confidential order must be provided prior to the closing. This transaction will not be insured until this information is submitted, reviewed and found to be complete.

No outstanding voluntary liens are found of record affecting the subject property. Inquire into the existence of any unrecorded liens or other indebtedness which could give rise to a security interest in the subject property.
7. Secure copy of the partnership agreement of TRIANGLE I-35 REALTY, LTD., for examination and possible additional requirements and/or exceptions, and require execution of the necessary instruments by all members.

Secure Certificate from the Secretary of State (Texas), showing that TRIANGLE I-35 REALTY, LTD. has been properly registered.

8. Amend the Contract of Sale to correct the legal description, and have change(s) initialed by all parties to the contract.

9. In Policy(ies) to be issued, except to any and all restrictions to be created at closing.
Pursuant to the requirements of Rule P-21, Basic Manual of Rules, Rates and Forms for the writing of Title Insurance in the State of Texas, the following disclosures are made:

1. The following individuals are directors and/or officers, as indicated, of **Alliant National Title Insurance Company, Inc.**, as of December 31, 2018:

   - *Robert J. Grubb, President and Chief Executive Officer
   - * Bruce Williamson
   - * James O. Hutcheson
   - * Dawn Enoch Moore
   - Victor Masaya
   - Wyatt Miller
   - Aviva Shneider
   - Robert Scott Hendrickson, Treasurer
   - Phyllis J. Mulder, Secretary

   * Indicates Director

**Presidio Investors ATC Holdco, LLC**, owns 100% of the stock of **Alliant National Title Insurance Company, Inc.** and **Presidio Investors ATC, LP** owns ten percent or more of **Presidio Investors ATC Holdco, LLC**.

2. The following disclosures are made by the Title Insurance Agent issuing this commitment:

**RATTIKIN TITLE COMPANY**, a Texas corporation, Title Insurance Agent

The names of each shareholder, owner, partner, or other person having, owning or controlling one (1) percent or more of the Title Insurance Agent that will receive a portion of the premium are as follows: Jack Rattikin III, Alicia Rattikin Lindsey, Jeffrey Alan Rattikin and Allyson Rattikin Grona.

The names of the president, the executive or senior vice-president, the secretary and the treasurer of Rattikin Title Company: Jack Rattikin, Jr., Chairman of the Board; Jack Rattikin III, President and CEO; Brian Grona, Senior Vice President; Richard M. Miles, Senior Vice President; Mark Moore, Vice President, Controller and Treasurer; Diane Harris, Vice President and Secretary; Jack Rattikin, Jr., Director; Glenda S. Rattikin, Director; Jack Rattikin III, Director; Alicia Rattikin Lindsey, Director; Jeffrey Alan Rattikin, Director; and Allyson Rattikin Grona, Director

3. You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving any sum from the settlement of this transaction will be disclosed on the closing or settlement statement.

You are further advised that the estimated title premium* is:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner's Policy</td>
<td>$7,822.00</td>
</tr>
<tr>
<td>Loan Policy</td>
<td>$100.00</td>
</tr>
<tr>
<td>Endorsement Charges</td>
<td>$1,398.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,320.30</strong></td>
</tr>
</tbody>
</table>

Of this total amount: 15% will be paid to the policy issuing Title Insurance Company; 85% will be retained by the issuing Title Insurance Agent; and the remainder of the estimated premium will be paid to other parties as follows:

| Amount | To Whom | For Services |
|--------|---------|--------------|-------------|
|        |         |              |             |

**FORM T-7: Commitment for Title Insurance**  
**Schedule D**
SCHEDULE D
(Continued)

*The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of the premium will be made at closing in accordance with the Rules and Regulations adopted by the Commissioner of Insurance.

This commitment is invalid unless the insuring provisions and Schedules A, B, and C are attached.
DELETION OF ARBITRATION PROVISION
(Not applicable to the Texas Residential Owner's Policy)

Commitment No.: 18-4566
GF No.: 18-4566

ARBITRATION is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Insurance Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is $2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.

The arbitration provision in the Policy is as follows:

"Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction."

SIGNATURE ___________________________ DATE ___________________________
Rattikin Title Company

PRIVACY STATEMENT

Rattikin Title Company and its subsidiaries ("RTC") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains RTC's privacy practices, including how we may use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. RTC follows the privacy practices described in this Privacy Statement and, depending on the business performed, RTC companies may share information as described herein.

Personal Information Collected

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

Disclosure to Affiliated Companies - We are permitted by law to share your name, address and facts about your transaction with other RTC companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.
Confidentiality and Security of Personal Information

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/
Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, RTC’s current policy is to maintain customers’ Personal Information for no less than your state’s required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Rattikin Title Company
201 Main Street, Suite 800
Fort Worth, Texas, 76102
Attn: Diane Harris

Changes to this Privacy Statement

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.
IMPORTANT NOTICE

FOR INFORMATION, OR TO MAKE A COMPLAINT CALL OUR TOLL-FREE TELEPHONE NUMBER

(877)788-9800

ALSO YOU MAY CONTACT THE TEXAS DEPARTMENT OF INSURANCE AT

(800)252-3439

to obtain information on:
1. filing a complaint against an insurance company or agent,
2. whether an insurance company or agent is licensed,
3. complaints received against an insurance company or agent,
4. policyholder rights, and
5. a list of consumer publications and services available through the Department.

YOU MAY ALSO WRITE TO THE TEXAS DEPARTMENT OF INSURANCE
P.O. BOX 149104
AUSTIN, TEXAS 78714-9104
FAX NO. (512)490-1007

____________________________________________________________________________

AVISO IMPORTANTE

PARA INFORMACIÓN, O PARA SOMETER UNA QUEJA LLAME AL NUMERO GRATIS

(877)788-9800

TAMBIEN PUEDE COMUNICARSE CON EL DEPARTAMENTO DE SEGUROS DE TEXAS AL

(800)252-3439

para obtener información sobre:
1. como someter una queja en contra de una compañía de seguros o agente de seguros,
2. si una compañía de seguros o agente de seguros tiene licencia,
3. quejas recibidas en contra de una compañía de seguros o agente de seguros,
4. los derechos del asegurado, y
5. una lista de publicaciones y servicios para consumidores disponibles a través del Departamento.

TAMBIEN PUEDE ESCRIBIR AL DEPARTAMENTO DE SEGUROS DE TEXAS
P.O. BOX 149104
AUSTIN, TEXAS 78714-9104
FAX NO. (512)490-1007
Please identify all elected officials which represent the Development Site.

** US Representative

** State Senator

** State Representative

** Support Letter

** City Mayor

** County Judge

** School Superintendent

** District Name

** Email

** Address

** City

** Zip

** Presiding officer of Board of Trustees

** Email

** Address

** City

** Zip

** District/Precinct

** Email or Phone

2/27/2019

No Pre-Application was submitted.

Elected officials were identified in the Pre-Application, and there have been no changes.

If box above is checked, the rest of the form may be left BLANK.

Elected officials have changed since the Pre-Application was submitted, and information regarding notifications or re-notifications is entered below.

** While Applicants are not required to notify US Representatives, the Department is required to notify them. Therefore, Applicant must identify the appropriate US Representative of the district containing the Development.
Organizations were identified in the Pre-Application, and there have been no changes. (If above is checked, the rest of the form may be left BLANK)

Organizations have changed since the Pre-Application was submitted, and information regarding notifications or re-notifications is entered below.

No Pre-Application was submitted.

Identify all Neighborhood Organizations on record with the county or Texas Secretary of State as of the beginning of the Application Acceptance Period whose boundaries include the Development Site.

<table>
<thead>
<tr>
<th>Name of Organization</th>
<th>Contact Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>City</td>
</tr>
<tr>
<td>Zip</td>
<td>Phone</td>
</tr>
<tr>
<td>Fax or Email</td>
<td></td>
</tr>
</tbody>
</table>

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<td>Zip</td>
<td>Phone</td>
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<tr>
<td>Fax or Email</td>
<td></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
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<th>Contact Name</th>
</tr>
</thead>
<tbody>
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<td>Address</td>
<td>City</td>
</tr>
<tr>
<td>Zip</td>
<td>Phone</td>
</tr>
<tr>
<td>Fax or Email</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Organization</th>
<th>Contact Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>City</td>
</tr>
<tr>
<td>Zip</td>
<td>Phone</td>
</tr>
<tr>
<td>Fax or Email</td>
<td></td>
</tr>
</tbody>
</table>

2/27/2019
CERTIFICATION OF NOTIFICATIONS (ALL PROGRAMS)

Pursuant to 10 TAC §11.203 of the Qualified Allocation Plan, evidence of notifications includes this sworn affidavit, and the Elected Officials and Neighborhood Organizations Forms. All Applicants must complete Parts 1 through 4 below:

Part 1. Notifications made at Pre-Application (Competitive HTC only):

☐ I (We) certify that the pre-application included evidence of these notifications pursuant to 10 TAC §11.203, the pre-application met all threshold requirements, and no additional notifications were required with this full Application.

☐ Re-notifications made at Application (Competitive HTC only):

☐ I (We) certify that the pre-application for this full Application met all threshold requirements, but all required entities were re-notified as required by 10 TAC §11.203.

☐ Notifications made at Application:

☐ No pre-application was submitted, and I (We) certify that the all required entities were notified as required by 10 TAC §11.203.

☐ One or more persons holding a position or role described changed between the submission of the pre-application and the Application, and I (We) certify that the new person(s) was notified as required by 10 TAC §11.203.

☐ As applicable, all re-notifications or notifications made at Application are indicated in the Application on the Elected Officials and/or Neighborhood Organizations form(s).

Part 2. Notifications - Form and Content:

☐ I (we) certify that the notifications are not older than 3 months from the first day of the Application Acceptance Period for Competitive HTC Applications and not older than three (3) months prior to the date Parts 5 and 6 of the Application are submitted for Tax Exempt Bond Developments, and not older than three (3) months prior to the date the Application is submitted for all other Applications.

☐ I (we) certify that the notifications do not contain any false or misleading statements. Without limiting the generality of the foregoing, the notification does not create the impression that the proposed Development will serve a Target Population exclusively or as a preference without such targeting or preference being documented in the Application and is or will be in full compliance with all applicable state and federal laws, including state and federal fair housing laws.

☐ I (we) certify that the notifications or any other communications do not contain any statement that violates Department rules, statute, code, or federal requirements.

☐ I (We) certify that, in addition to all of the required neighborhood organizations, the following entities were notified in accordance with 10 TAC §11.203. The notifications were in the format provided in the Application Notification Template. All of the following entities were notified and are correctly listed on the Elected Officials Form and Neighborhood Organizations Form:

- Superintendent of the school district containing the Development;
- Presiding officer of the board of trustees of the school district containing the Development;
- Mayor of any municipality containing the Development;
- All elected members of the Governing Body of any municipality containing the Development;
- Presiding officer of the Governing Body of the county containing the Development;
- All elected members of the Governing Body of the county containing the Development;
- State senator of the district containing the Development; and
- State representative of the district containing the Development.

☐ While not required to be submitted in this Application, I have kept evidence of all notifications made and this evidence may be requested by the Department at any time during the Application review.

Part 3. Neighborhood Organizations (competitive HTC only):

☐ Pursuant to 10 TAC §11.203, I (We) certify that a reasonable search for applicable entities has been conducted and all Neighborhood Organizations for which this Application would be eligible to receive points under 10 TAC §11.9(d)(4) of the QAP or for which notification is required have been listed in the pre-application and/or the Application.

Certify on next page

2/8/2019
I, the undersigned, a Notary Public in and for said County and State, do hereby certify that name is signed to the foregoing statement, and who is known to be one in the same, has acknowledged before me on this date, that being informed of the contents of this statement, executed the same voluntarily on the date same foregoing statement bears.
Tab 16
Certification of Notifications
Part 3. Neighborhood Organizations

10 TAC §11.203

Disclosure

North Fort Worth Alliance was notified at pre-app because we are in their boundaries. However, they do not meet the TDHCA requirements of a neighborhood organization and are not registered with the state; therefore, they were not required to be notified to meet the notification requirements of the TDHCA.

Villages of Woodland Springs was notified as a requirement of the City of Fort Worth; however, we are not in their boundaries therefore they were not required to be notified to meet the notification requirements of the TDHCA.
1. **The proposed Development is:** *(Check all that apply)*

- New Construction
- and/or:

*(Note: Definition of "Adaptive Reuse" has changed. Review 10 TAC §11.1(d)(1) to ensure compliance.)*

<table>
<thead>
<tr>
<th>Previous TDHCA #</th>
<th>If Acquisition/Rehab or Rehab, original construction year:</th>
</tr>
</thead>
<tbody>
<tr>
<td>16260/17118</td>
<td></td>
</tr>
</tbody>
</table>

If Reconstruction,

<table>
<thead>
<tr>
<th>Units Demolished</th>
<th>Units Reconstructed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. **The Target Population will be:**

<table>
<thead>
<tr>
<th>General</th>
</tr>
</thead>
</table>

*(Note: Definition of "Elderly Development" has changed. Review 10 TAC §11.1(d)(47) to ensure compliance.)*

- If Elderly is selected (10 TAC §11.1(d)(47)):
  - n/a Development meets the requirements of the Housing for Older Persons Act under the Fair Housing Act.
  - n/a Development receives federal funding that has a requirement for a preference or limitation for elderly persons or households, but must accept qualified households with children.

*Selection is based on funding from (select from list):*

3. **Staff Determinations regarding definitions of development activity obtained?**

- n/a If a determination under 10 TAC §11.1(k) was made prior to Application submission, provide a copy of such determination behind this tab.

4. **Narrative**

- X The Development will not provide continual or frequent nursing, medical or psychiatric services to the residents.
- X The Development does not violate the general public use requirement of Treasury Regulation §1.42-9 regarding units for use by the general public.
- X The Development does violate TR 1.42-9 and the Application includes a private letter ruling ("PLR").
- Development financing includes a funding source that specifically allows for the intended Target Population. A copy of that funding sources’ authority to target the intended population is included behind this tab.
- X Development does not violate the Department’s Integrated Housing Rule under 10 TAC §1.15 regarding restricting occupancy to persons with disabilities or in combination with other populations with special needs.

*Briefly describe the proposed Development, including any relevant information not already identified above. If Adaptive Reuse, Additional Phase, or Scattered Site, or if any of the three main boxes above are not checked, include detailed information below.*

**Churchill at Golden Triangle Community** will have a general target population and will include 99 units. There will be 45 one bedroom/one bath units, 45 two bedroom/two bath units and 9 three bedroom/two bath units. There will be (4) four residential buildings. The club will be integrated into the first building. The City requires 1 space per bedroom and one space for every 250 sf of club space for total parking of 174 spaces. The site is 5.045 +/- gross acres.

If a revised form is submitted, date of submission: ______________________

2/27/2019
5. **Funding Request:**

Complete the table below to describe this Application’s funding request. If applying for Multifamily Direct Loan funds, please select only one type of loan.

<table>
<thead>
<tr>
<th>Department Funds applying for with this Application</th>
<th>Requested Amount</th>
<th>If funds will be in the form of a Direct Loan by the Department or for Private Activity Bonds, the terms will be:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Interest Rate (%)</td>
</tr>
<tr>
<td>Multifamily Direct Loan: Const. to Perm. (Repayable)</td>
<td>$1,300,000</td>
<td>2.50%</td>
</tr>
<tr>
<td>Multifamily Direct Loan: Construction Only (Repayable)</td>
<td></td>
<td>0.00%</td>
</tr>
<tr>
<td>Multifamily Direct Loan: Const. to Perm. (Soft Repayable)</td>
<td></td>
<td>0.00%</td>
</tr>
<tr>
<td>CHDO Operating Expenses Grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Tax Credits</td>
<td>$1,500,000</td>
<td></td>
</tr>
<tr>
<td>Private Activity Mortgage Revenue</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. **§11.5 - Set-Aside (For Competitive HTC & Multifamily Direct Loan Applications Only)**

Identify any and all set-asides the application will be applying under with an “X”.

Set-Asides cannot be added or dropped from pre-application to full Application for Competitive HTC Applications.

<table>
<thead>
<tr>
<th>Competitive HTC Only</th>
<th>Multifamily Direct Loan Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>At-Risk</td>
<td></td>
</tr>
<tr>
<td>Nonprofit</td>
<td></td>
</tr>
<tr>
<td>USDA</td>
<td></td>
</tr>
<tr>
<td>CHDO</td>
<td></td>
</tr>
<tr>
<td>SH/ SR</td>
<td></td>
</tr>
<tr>
<td>Preservation</td>
<td></td>
</tr>
</tbody>
</table>

7. **Previously Awarded State and Federal Funding**

Has this site/activity previously applied for TDHCA funds? **Yes**

Has this site/activity previously received TDHCA funds? **No**

If "Yes" Enter Project Number: ____________________ and TDHCA funding source: ____________________

Has this site/activity previously received non-TDHCA federal funding? **No**

If yes, source: ____________________

Will this site/activity receive non-TDHCA federal funding for costs described in this Application? **No**

8. **Qualified Low Income Housing Development Election (HTC Applications only)**

Pursuant to §42(g)(1)(A) - (C), the term “qualified low income housing development” means any project for residential rental property, if the Development meets one of the requirements below, whichever is elected by the taxpayer. Once an election is made, it is irrevocable. Select only one:

- At least 20% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income, adjusted for family size.
- At least 40% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 60% or less of the median gross income, adjusted for family size.
- Applicant elects to use the Average Income for the Development.

If a revised form is submitted, date of submission: ____________

2/27/2019
Development Narrative

1. The proposed Development is: (Check all that apply)

- New Construction
- and/or: 

(Note: Definition of "Adaptive Reuse" has changed. Review 10 TAC §11.1(d)(1) to ensure compliance.

Previous TDHCA # 16260/17118 If Acquisition/Rehab or Rehab, original construction year: 

If Reconstruction,

Units Demolished
Units Reconstructed

2. The Target Population will be:

- General

(Note: Definition of "Elderly Development" has changed. Review 10 TAC §11.1(d)(47) to ensure compliance.

If Elderly is selected (10 TAC §11.1(d)(47)):

n/a Development meets the requirements of the Housing for Older Persons Act under the Fair Housing Act.

n/a Development receives federal funding that has a requirement for a preference or limitation for elderly persons or households, but must accept qualified households with children.

Selection is based on funding from (select from list):

3. Staff Determinations regarding definitions of development activity obtained?

n/a If a determination under 10 TAC §11.1(k) was made prior to Application submission, provide a copy of such determination behind this tab.

4. Narrative

- The Development will not provide continual or frequent nursing, medical or psychiatric services to the residents.

- The Development does not violate the general public use requirement of Treasury Regulation §1.42-9 regarding units for use by the general public.

- The Development does not violate TR 1.42-9 and the Application includes a private letter ruling ("PLR").

- Development financing includes a funding source that specifically allows for the intended Target Population. A copy of that funding sources' authority to target the intended population is included behind this tab.

- The Development does not violate the Department's Integrated Housing Rule under 10 TAC §1.15 regarding restricting occupancy to persons with disabilities or in combination with other populations with special needs.

Briefly describe the proposed Development, including any relevant information not already identified above. If Adaptive Reuse, Additional Phase, or Scattered Site, or if any of the three main boxes above are not checked, include detailed information below.

Churchill at Golden Triangle Community will have a general target population and will include 99 units. There will be 45 one bedroom/one bath units, 45 two bedroom/two bath units and 9 three bedroom/two bath units. There will be (4) four residential buildings. The club will be integrated into the first building. The City requires 1 space per bedroom and one space for every 250 sf of club space for total parking of 174 spaces. The site is 5.045+/-. gross acres.

If a revised form is submitted, date of submission: 5/22/2019
5. **Funding Request:**

Complete the table below to describe this Application’s funding request. If applying for Multifamily Direct Loan funds, please select only one type of loan.

<table>
<thead>
<tr>
<th>Department Funds applying for with this Application</th>
<th>Requested Amount</th>
<th>If funds will be in the form of a Direct Loan by the Department or for Private Activity Bonds, the terms will be:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multifamily Direct Loan: Const. to Perm. (Repayable)</td>
<td>$ -</td>
<td>Interest Rate (%)</td>
</tr>
<tr>
<td>Multifamily Direct Loan: Construction Only (Repayable)</td>
<td>$ -</td>
<td>0.00%</td>
</tr>
<tr>
<td>Multifamily Direct Loan: Const. to Perm. (Soft Repayable)</td>
<td>$ -</td>
<td>0.00%</td>
</tr>
<tr>
<td>CHDO Operating Expenses Grant</td>
<td>$ -</td>
<td>0.00%</td>
</tr>
<tr>
<td>Housing Tax Credits</td>
<td>$ 1,500,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>Private Activity Mortgage Revenue</td>
<td>$ -</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

6. **§11.5 - Set-Aside (For Competitive HTC & Multifamily Direct Loan Applications Only)**

Identify any and all set-asides the application will be applying under with an "X".

Set-Asides can not be added or dropped from pre-application to full Application for Competitive HTC Applications.

<table>
<thead>
<tr>
<th>Competitive HTC Only</th>
<th>Multifamily Direct Loan Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>At-Risk</td>
<td>X</td>
</tr>
<tr>
<td>Nonprofit</td>
<td></td>
</tr>
<tr>
<td>USDA</td>
<td></td>
</tr>
<tr>
<td>CHDO</td>
<td></td>
</tr>
<tr>
<td>SH/SR</td>
<td></td>
</tr>
<tr>
<td>Preservation</td>
<td></td>
</tr>
</tbody>
</table>

By selecting the set-aside above, I, individually or as the general partner(s) or officers of the Applicant entity, confirm that I (we) are applying for the above-stated Set-Aside(s) and Allocations. To the best of my (our) knowledge and belief, the Applicant entity has met the requirements that make this Application eligible for this (these) Set-Aside(s) and Allocations and will adhere to all requirements and eligibility standards for the selected Set-Aside(s) and Allocations.

7. **Previously Awarded State and Federal Funding**

Has this site/activity previously applied for TDHCA funds? **Yes**

Has this site/activity previously received TDHCA funds? **No**

If "Yes" Enter Project Number: [Enter Project Number] and TDHCA funding source: [Enter Funding Source]

Has this site/activity previously received non-TDHCA federal funding? **No**

If yes, source: [Enter Source]

Will this site/activity receive non-TDHCA federal funding for costs described in this Application? **No**

8. **Qualified Low Income Housing Development Election (HTC Applications only)**

Pursuant to §42(4)(A) - (C), the term “qualified low income housing development” means any project for residential rental property, if the Development meets one of the requirements below, whichever is elected by the taxpayer. Once an election is made, it is irrevocable. Select only one:

- [ ] At least 20% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income, adjusted for family size.
- [X] At least 40% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 60% or less of the median gross income, adjusted for family size.
- [ ] Applicant elects to use the Average Income for the Development.

If a revised form is submitted, date of submission: [Date]
Development Activities I

1. **Common Amenities (ALL Multifamily Applications) [10 TAC §11.101(b)(5)]**

<table>
<thead>
<tr>
<th># of Units</th>
<th>must qualify for</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>99</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

   Development will provide sufficient common amenities to qualify for the number of points indicated above, pursuant to 10 TAC §11.101(b)(5). Applications for scattered site developments should refer to 10 TAC §11.101(b)(5)(B).

2. **Unit Requirements (ALL Multifamily Applications) [10 TAC §11.101(b)(6)(A) and (B)]**

   A. **Unit Sizes**

   Development is New Construction or Reconstruction and will meet the minimum Unit Size requirements:

<table>
<thead>
<tr>
<th>Bedroom Size</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Footage</td>
<td>500</td>
<td>600</td>
<td>800</td>
<td>1,000</td>
<td>1,200</td>
</tr>
</tbody>
</table>

   OR:

   Development is proposing Rehabilitation (excluding Reconstruction) or Supportive Housing, and is not required to meet the size requirements above.

   B. **Unit Amenities (For Competitive HTC Applications, see Tab 19 for Unit and Development Features scoring)**

   Application is a **Tax Exempt Bond Development** and will meet a minimum of nine (9) points as outlined in 10 TAC §11.101(b)(6)(B).

   Application is **Direct Loan not layered with Housing Tax Credits** and will meet a minimum of four (4) points as outlined in 10 TAC §11.101(b)(6)(B).

   **Rehabilitation Developments and Supportive Housing Developments will start with a base score of five (5) points.**

3. **Resident Supportive Services (For Competitive HTC Applications and Direct Loan Applications seeking to qualify for points under 10 TAC §13.6, see Tab 19 for Tenant Services scoring elections)**

   Application is a **Tax Exempt Bond Development** and will meet a minimum of eight (8) points as outlined in 10 TAC §11.101(b)(7).

   Application is **Direct Loan not layered with Housing Tax Credits** and will meet a minimum four (4) points as outlined in 10 TAC §11.101(b)(7).

4. **Development Accessibility Requirements (ALL Multifamily Applications) [10 TAC §1.207]; [10 TAC §11.101(b)(8)]**

   Development will meet all specifications and accessibility requirements reflected in the Certification of Development Owner form pursuant to 10 TAC §11.101(b)(8).

   All Units accessed by the ground floor or by elevator ("affected units") comply with the visitability requirements in clauses (i) – (iii) of 10 TAC §11.101(b)(8)(B).

   Development has a minimum of 5% of all units in the development set aside for the mobility impaired and an additional 2% set aside for the hearing and/or visually impaired.

   **Regardless of building type, ALL Units accessed by the ground floor or by elevator ("affected units") must comply with the visitability requirements in clauses (i) – (iii) of 10 TAC §11.101(b)(8)(B).**

2/27/2019
Development Activities II

1. Size and Quality of Units (Competitive HTC Applications only) [10 TAC §11.9(b)(1)]

- Development is Rehabilitation (excluding Reconstruction), Supportive Housing, or USDA financed; OR meets the minimum size requirements below:
  - Bedroom Size: 0, 1, 2, 3, 4
  - Square Footage: 550, 650, 850, 1,050, 1,250

- Specific amenities and quality features will be provided in every Unit at no extra charge to the resident; Development will maintain the points selected and associated with those amenities as outlined in 10 TAC §11.101(b)(6)(B).

2. Rent Levels of Residents and Tiebreaker (Direct Loan Applications only) [10 TAC §13.6(5)]

- At least 20 percent of all low-income Units at 30% or less of AMGI*
- At least 10 percent of all low-income Units at 30% or less of AMGI, or, for a Development located in a Rural Area, 7.5 percent of all low-income Units at 30% or
- At least 5 percent of all low-income Units at 30% or less of AMGI*

- In the event of a tie with another application or applications, this percentage of 30% AMGI MFDL units within the Development would be converted to be available to households at 15% AMGI.

3. Income Levels of Residents (Competitive HTC Applications only) [10 TAC §11.9(c)(1)]

- Application proposes to use the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively.

- Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA; or Development proposed in all other areas.

- Application proposes to use the Average Income election under §42(g)(1)(C) of the Code, and Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA
  - The Average Income for the proposed Development will be 54% or lower (16 points).
  - The Average Income for the proposed Development will be 55% or lower (14 points).
  - The Average Income for the proposed Development will be 56% or lower (12 points).

- Development proposed in all other areas.
  - The Average Income for the proposed Development will be 55% or lower (16 points).
  - The Average Income for the proposed Development will be 56% or lower (14 points).
  - The Average Income for the proposed Development will be 57% or lower (12 points).

Application is seeking points for Income Levels of Residents. Points Claimed: 16
4. **Rent Levels of Residents (Competitive HTC Applications only) [§11.9(c)(2)]**

Mark only one box below:

- [ ] At least 20% (less Units used for eligibility for boost) of all low-income Units are restricted at 30% or less of AMGI; development is Supportive Housing proposed by a Qualified Nonprofit Organization.  
- [X] Development is urban and at least 10% (less Units used for eligibility for boost) of all low-income Units are restricted at 30% or less of AMGI; or
- [ ] Development is located in a Rural Area and 7.5% (less Units used for eligibility for boost) of all low-income Units are restricted at 30% or less of AMGI; or
- [ ] At least 5% of all low-income Units at 30% or less of AMGI

Application is seeking points for Rent Levels of Residents. Points Claimed: 11

5. **Resident Services (Competitive HTC Applications and Direct Loan Applications ) [§11.9(c)(3) and §13.6(6)]**

Development will provide a combination of supportive services as identified in §11.101(b)(7) and those services will be recorded in the Development's LURA.

- [ ] Supportive Housing Development proposed by a Qualified Nonprofit
- [X] All other Developments.
- [X] The Applicant certifies that the Development will contact local service providers, and will make Development community space available to them on a regularly-scheduled basis to provide outreach services and education to the tenants.

Application is seeking points for Income level of Tenants. Points Claimed: 10

6. **Tenant Populations with Special Housing Needs (Competitive HTC, MFDL, and Section 811 Applications) [§11.9(c)(6); §13.6(6)]**

A HTC and MFDL Applicants pursuing these points must try to score first under item B below by committing an Existing Development, and then under item C below by committing the proposed Development. Only if an HTC Applicant or Affiliate cannot meet the requirements of subparagraphs (B) or (C) may an HTC Application qualify for points under subparagraph (D). **MFDL Applications that are not layered with 2019 9% HTC cannot elect to score points under subparagraph (D).**

B [ ] Applicant or Affiliate Owns or Controls an Existing Development that is included on the List of Qualified Existing Developments for Participation in the Section 811 PRA Program (See 10 TAC §8.3 and 10 TAC 8.4)

- [ ] Attached behind this tab is the executed Certification for Section 811 PRA Program Participation.
- [ ] OR

C [X] If not scoring under B above, Applicant or Affiliate is committing at least 10 Units in the proposed Development for participation in the Section 811 PRA Program

To establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that otherwise meets the criteria established by 10 TAC §11.9(c)(6)(B), the Application must include the information as described in clauses (i) – (iii) of that subparagraph in the Section 811 PRA Program Supplement Packet.

The packet must be uploaded along with but separate from the Application.

- [X] Applicant or Affiliate has attached behind this tab an explanation and documentation regarding the Applicant's or Affiliate's lack of Ownership interest or Control of any Existing Development that is included on the List of Qualified Existing Developments for Multifamily Programs;
- [ ] AND
- [X] Attached behind this tab is the executed Certification for Section 811 PRA Program Participation.
- [ ] OR

D [ ] If cannot score under A or B above, Applicant elects to set-aside at least 5 percent of the total Units for Persons with Special Needs. The Department will require an initial minimum twelve-month period during which Units must either be occupied by Persons with Special Needs or held vacant, unless the units receive HOME funds from any source.

- [ ] Applicant or Affiliate has attached behind this tab an explanation and documentation regarding the Applicant's or Affiliate's lack of Ownership interest or Control of any Existing Development that is included on the List of Qualified Existing Developments for Multifamily Programs; and the Development applying for funding has a disqualifying factor described below:
Mark any of the following factors that disqualify the development applying for funding from participating in the Section 811 PRA Program and provide documentation supporting the selection:

- The Development is not proposing to use and previously did not use federal funding (such as HOME or CDBG funds), and the Development was originally constructed before 1978;
- Development only has units available that have existing or proposed project-based rental or long-term operating assistance that will be in effect when the property is operating or within six months of receiving Section 811 PRA Program assistance;
- Development only has units available that are restricted for persons with disabilities. A Development having a preference for Persons with Disabilities or a use restriction for Special Needs Populations is not a disqualifying factor for purposes of this scoring item.
- Development only has units with an existing or proposed 62 or more age restriction.
- Development is not located in Austin-Round Rock MSA, Brownsville-Harlingen MSA, Corpus Christi MSA, Dallas-Fort Worth-Arlington MSA, El Paso MSA, Houston-The Woodlands-Sugar Land MSA, McAllen-Edinburg-Mission MSA, or San Antonio-New Braunfels MSA.
- The Development is a new construction project and located in the mapped 500-year floodplain or in the 100-year floodplain according to FEMA’s most current Flood Insurance Rate Maps.
- The Development is located in a coastal high hazard area (V Zone) or regulatory floodway.
- Other disqualifying factor (please explain)

<table>
<thead>
<tr>
<th>Application is seeking points for Tenant Populations.</th>
<th>Points Claimed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Pre-Application Participation (Competitive HTC Applications only) [§11.9(e)(3)]</td>
<td>2</td>
</tr>
<tr>
<td>X Development is requesting Pre-Application Points.</td>
<td>6</td>
</tr>
<tr>
<td>8 Extended Affordability (Competitive HTC Applications only) [§11.9(e)(5)]</td>
<td>2</td>
</tr>
<tr>
<td>X Development will maintain a 35 year Affordability Period.</td>
<td></td>
</tr>
<tr>
<td>9 Historic Preservation (Competitive HTC Applications only) [§11.9(e)(6)]</td>
<td></td>
</tr>
<tr>
<td>Application requests points for Historic Preservation.</td>
<td></td>
</tr>
<tr>
<td>Application contains a letter from the Texas Historical Commission (THC) determining preliminary eligibility for federal or state historic (rehabilitation) tax credits.</td>
<td></td>
</tr>
<tr>
<td>Application includes documentation from the Texas Historical Commission that the property is currently a Certified Historic Structure or determining preliminary eligibility for status as a Certified Historic Structure.</td>
<td></td>
</tr>
<tr>
<td>Development will be able to document receipt of historic tax credits by the time Forms 8609 are issued.</td>
<td></td>
</tr>
<tr>
<td>At least 75% of the residential units will be within the Certified Historic Structure.</td>
<td></td>
</tr>
<tr>
<td>Attached behind this tab are the THC letter and other documentation described above.</td>
<td></td>
</tr>
<tr>
<td>10 Right of First Refusal (Competitive HTC Applications only) [§11.9(e)(7)]</td>
<td></td>
</tr>
<tr>
<td>X Development Owner agrees to provide a Right of First Refusal to purchase the Development upon or following the end of the Compliance Period.</td>
<td>1</td>
</tr>
<tr>
<td>11 Funding Request Amount (Competitive HTC Applications only) [§11.9(e)(8)]</td>
<td></td>
</tr>
<tr>
<td>X Application reflects funding request for no more than 100% of the amount available in the subregion or set-aside as of 12/3/2018.</td>
<td>1</td>
</tr>
</tbody>
</table>
Tab 19 – Development Activities II

Item 6. Tenant Populations with Special Housing Needs (Competitive HTC, MFDL, and Section 811 Applications) [§11.9(c)(6); §13.6(6)]

Applicant has included with the electronic submission the 811 Project Rental Assistance (“PRA”) Program Supplement Packet pertaining to each of the existing developments noted below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Development Name</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>02441 Evergreen at Hulen Bend</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>2.</td>
<td>03412 Evergreen at Mesquite</td>
<td>Investor Limited Partner consent required – Not given Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>3.</td>
<td>04409 Evergreen at Plano</td>
<td>Investor Limited Partner consent required – Not given Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>4.</td>
<td>04422 Churchill at Pinnacle Park</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>5.</td>
<td>04457 Evergreen at Lewisville</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>6.</td>
<td>04491 Evergreen at Keller</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>7.</td>
<td>04118 Churchill at Commerce</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>8.</td>
<td>06111 Evergreen at Rockwall</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>9.</td>
<td>07254 Evergreen at Farmers Branch</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>10.</td>
<td>08223 Evergreen at Morningstar</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>11.</td>
<td>09172 Evergreen at Vista Ridge</td>
<td>Investor Limited Partner consent required – Not given Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>12.</td>
<td>10136 Evergreen at Richardson</td>
<td>Not Eligible - Elderly Limited (62+) per zoning restrictions</td>
</tr>
<tr>
<td>13.</td>
<td>13058 Evergreen at Arbor Hills</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>14.</td>
<td>14051 Churchill at Champions Circle</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
<tr>
<td>15.</td>
<td>15020 Evergreen at Rowlett</td>
<td>No legal authority to commit to Section 811 Program Special Limited Peer does not control the Partnership</td>
</tr>
</tbody>
</table>
Section 811 Project Rental Assistance Program “PRA” Certification

On behalf of the Applicant and all Affiliates of the Applicant (“Applicant”), I (We) hereby certify that the Applicant is familiar with the provisions of HUD’s Section 811 Project Rental Assistance (“PRA”) program, enacted by Section 811 of the Cranston Gonzalez National Affordable Housing Act (Pub L. 111-374) and the Frank Melville Supportive Housing Investment Act of 2010, the Texas Department of Housing and Community Affairs (“TDHCA”) Rules as published in Title 10 of the Texas Administrative Code, HUD Handbook 4350.3 REV-1 (Occupancy Requirements of Multifamily Housing Programs), and the Section 811 Project Rental Assistance Program Cooperative Agreement, including the Rental Assistance Contract (“RAC”) and the Use Agreement. I (We) hereby certify that the Applicant will comply with future guidance regarding the Section 811 PRA Program provided by HUD and/or TDHCA, including Rules, FAQs, and program manuals.

I (We) hereby certify that Applicant will execute a Section 811 PRA Owner Participation Agreement, in a form to be provided by TDHCA, for a TDHCA approved Existing Development, or if authorized by TDHCA, for the awarded Development included in this Application. Once an Owner Participation Agreement has been executed, I (We) hereby certify that I (We) understand that TDHCA will market the property under the Owner Participation Agreement to potential Section 811 PRA tenants at any time during the term of the Owner Participation Agreement, and I (We) hereby certify that I (We) will furnish to TDHCA, all marketing materials generated, including pictures and unit features, at the time the Owner Participation Agreement is signed and returned to TDHCA to do such marketing. If requested by TDHCA, I (We) hereby certify that I (We) will execute a RAC and record the required Use Agreement in the county deed records.

I (We) understand, that even though the Owner or the Owner of the Existing Development will be required to execute an Owner Participation Agreement, TDHCA may never require the Development to execute a RAC and therefore the Development may not be required to serve Section 811 PRA tenants.

I (We) hereby certify that I (We) will comply with all HUD regulations, court rulings, related administrative rules, and eligibility guidelines and restrictions during the application process and in the event of award, for the duration of the Section 811 Owner Participation Agreement or the Use Agreement, whichever has a longer term.

I (We) hereby make application to the TDHCA to participate in the Section 811 PRA Program. The undersigned hereby acknowledges that an award by the TDHCA does not warrant that the Existing Development or the Development proposed in the Application is deemed qualified to participate in the Section 811 PRA Program. I (We) agree that the TDHCA or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Section 811 PRA Program; therefore, I (We) assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the TDHCA and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the TDHCA may hereinafter suffer, incur, or pay arising out of its decision concerning this application involving Section 811 PRA funds or the use of information concerning the 811 PRA Program.
I (We) hereby acknowledge that this Application is subject to disclosure under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists.

I (We) acknowledge all representations, undertakings, and commitments made by Applicant in the application process for a Development, whether with respect to eligibility criteria, selection criteria or otherwise, shall be deemed to be a condition to any Commitment or Contract for such Development, the violation of which shall be cause for cancellation of such Commitment or Contract by the TDHCA and if concerning the ongoing features or operation of the Development, shall be enforceable by the TDHCA and the tenants of the Development, including enforcement by administrative penalties for failure to perform, in accordance with the LURA. The obligation to sign an Owner Participation Agreement is binding. I (We) must sign an Owner Participation Agreement if the Development receives an award and is requested to do so by the Department.

I (We) agree the TDHCA may, at its discretion, request additional information and/or documentation in its evaluation of this Application to garner required information relating to the qualification of the Development for the 811 Program. I (We) hereby agree that the information contained in this Application as required or deemed necessary by the materials governing the 811 PRA program are true and correct and that I (We) have undergone sufficient investigation to affirm the validity of the statements made.

Further, I (We) hereby assert that I (We) have read and understand all the information contained in the Application. By signing this document, I (We) affirm that all statements made in this government document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §37.01 et seq. (Vernon 2011).

I (We) understand and agree that if false information is provided in this Application which has the effect of increasing the Applicant's competitive advantage, the TDHCA will disqualify the Applicant and may hold the Applicant ineligible to receive 811 PRA funds or until any issue of restitution is resolved.

If, at any time, including after the signing a Section 811 PRA Program Owner Participation Agreement, it is discovered that I (We) provided false or misleading information to TDHCA, TDHCA may terminate the Applicant's HUD RAC and/or the Section 811 PRA Program Owner Participation Agreement and recapture all Section 811 PRA funds expended.

I (We) hereby certify that I (We) will comply with applicable fair housing and civil rights requirements in 24 CFR §5.105(a), including, but not limited to, the Fair Housing Act; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; and Title II of the Americans with Disabilities Act. Further, I (We) certify that I (We) shall not, in the provision of services, or in any other manner, discriminate against any person on the basis of race, color, religion, sex, national origin, familial status, or disability. I (We) certify that I (We) will comply with HUD's Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity requirements. See 24 C.F.R. §§ 5.100, 5.105(a)(2), 5.403. I (We) hereby certify that I (We) understand that the Development must prominently display HUD's Fair Housing Poster (HUD Form 928.1) in all offices in which rental activity takes place. This includes property management leasing offices located at their projects with Section 811 PRA units, and may include a designated place where information or
other business regarding the Section 811 PRA program is conducted with potential tenants. I (We) will comply with any requirements of the Section 811 PRA Program that require changes to the Development's tenant selection plans, house rules, marketing materials, or application.

I (We) will at all times indemnify and hold the TDHCA harmless against all losses, costs, damages, expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the TDHCA's acceptance, consideration, approval or disapproval of this request and the issuance or non-issuance of a RAC or 811 PRA funds herewith.

I (We) have written below the name of the individual(s) authorized to execute the TDHCA Owner Participation Agreement, the HUD RAC, the HUD Use Agreement, and any and all future commitments and contracts related to this Application. I (We) hereby certify that this individual(s) has the full authority and has been authorized by all of the Parties, Affiliates, or associates with interest in the Development in this Application. If this individual is replaced by the organization, I (We) must inform the TDHCA within 30 days of the person authorized to execute agreements, commitments and/or contracts on behalf of the Applicant.

I (We) certify that I (We) do 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 (including Section 811 PRA Program funds), I (We) are convicted of a violation under 8 U.S.C Section 1324a(f), I (We) shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Tex. Government Code §2264.053, not later than the 120th day after the date TDHCA notifies the Applicant of the violation.

I (We) certify that I (We) am eligible to apply for funds or any other assistance from the TDHCA. I (We) certify that all audits are current at the time of application. I (We) certify that any Audit Certification Forms have been submitted to the TDHCA in a satisfactory format on or before the Application deadline for funds or other assistance pursuant to 10 TAC §1.3(b).

Property Condition Standards Certification

I (We) certify that I (We) will meet local and state housing code, ordinances, and zoning requirements, Texas Minimum Construction Standards, Uniform Physical Construction Standards and Inspection Requirements under 24 CFR Section 5 Subpart G, including any changes in the regulation and related directives and will comply with HUD's Physical Condition Standards of Multifamily Properties of 24 CFR Part 200, Subpart P, including any changes in the regulation and related directives.

I (We) certify that TDHCA approved Existing Development, or if allowed by TDHCA in writing, the Development referenced in this Application is or will be in compliance and that during the term of the Section 811 Participation Agreement and/or RAC the Applicant will respond to all requests for compliance deficiency resolution within the timeframes mandated by the Texas Administrative Code Rules at 10 TAC Chapters 1, 2, 8, 10, and 11, or other requirements associated with the satisfactory provision of a unit as required by the 811 PRA program.
Federal Cross-Cutting Certifications

The Federal Cross-Cutting Certifications that apply to the Development identified to receive the 811 PRA assistance include but are not limited to:

Lead Based Paint

I (We) certify that documentation of compliance with 24 CFR Part 35 (Lead Safe Housing Rule), including but not limited to the documentation reflected in the following clauses, will be maintained in project files. I (We) understand that standard forms are available in the Federal Register, as indicated by the sources noted below.

Applicability Form 24 CFR §35.115 – A copy of a statement indicating that the property is covered by or exempt from the Lead Safe Housing Rule.

a. If the property is exempt, the file should include the reason for the exemption and no further documentation is required.

b. If the property is subject to the Rule, the file should include the appropriate documentation to indicate basic compliance, as listed below:

i. Summary Paint Testing Report or Presumption Notice 24 CFR §35.930(a) – A copy of any report to indicate the presence of lead-based paint (LBP) for projects receiving up to $5,000 per unit in rehabilitation assistance. If no testing was performed, then LBP is presumed to be on all disturbed surfaces;

ii. Notice of Evaluation 24 CFR §35.125(a) – A copy of a notice demonstrating that an evaluation summary was provided to residents following a lead-based paint inspection, risk assessment or paint testing;

iii. Clearance Report 24 CFR §35.930(b)(3) – A report indicating a “clearance examination” was performed of the work-site upon completion; and

iv. Notice of Hazard Reduction Completion 24 CFR §35.125(b) – Upon completion, a copy of a notice to show that a LBP remediation summary was provided to residents.

Environmental

I (We) understand that the environmental effects of each activity carried out with funds provided under this Application must be assessed in accordance with the provisions of the Section 811 PRA Cooperative Agreement, § PRA.215 and § PRA.216. Each activity must have an environmental review completed and support documentation prepared complying with HUD regulations. No Section 811 Owner Participation Agreement may be signed and no Section 811 PRA funds can be provided for a unit before the completion of the environmental review process and the provision of written clearance by TDHCA.
I (We) certify that I (We) have read and understand the requirements of the HUD Section 811 PRA Cooperative Agreement, § PRA.215 and § PRA.216.

**Energy and Water Conservation**

I (We) certify to comply with Energy and Water Conservation standards and requirements as outlined in § PRA.214.

**Procurement of Recovered Materials**

I (We) certify to comply with the Procurement of Recovered Materials requirements as outlined in § PRA.219.

**Housing Standards for Assisted Units**

I (We) certify to comply with Housing Standards for Assisted Units as outlined in § PRA.307 for Section 811 PRA units and as outlined in 10 TAC Chapter 1 Subchapter B and Chapter 10 “Uniform Multifamily Rules.”

**Eligibility and Threshold Certification**

On behalf of the Applicant and all affiliates of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions and requirements of the Section 811 PRA Program for which I (We) am applying.

I (We) understand that housing units occupied by eligible tenants participating in the program must be affordable to Extremely Low-Income persons. I (We) understand that mixed income rental Developments may only apply PRA to units that meet 811 program affordability standards. I (We) understand that the Development identified to receive the 811 PRA assistance must adhere to the TDHCA’s Integrated Housing Rule at 10 TAC §1.15, 10 TAC Chapter 8 and Exhibit 5 of the Section 811 PRA Cooperative Agreement § PRA.305.

I (We) certify that the units identified for 811 PRA assistance will be dispersed throughout the property and must not be segregated to one area of a building or Development.

I (We) certify to follow the requirements of § PRA.403 regarding the Selection and Admission of Eligible Tenants. In addition, I (We) understand that prior to receiving referrals for Section 811 tenants, I (We) must submit and receive approval by the TDHCA for the Development’s Tenant Selection Plan. I (We) understand that the Applicant or their designated property management staff will accept referrals of Section 811 applicants from the TDHCA and determine eligibility based on the TDHCA-approved Tenant Selection Plan. I (We) understand that upon the request of TDHCA or HUD, the Applicant must furnish copies of all applications to HUD and/or TDHCA.

I (We) understand that the Applicant or their designated property management staff will be responsible for:
(1) obtaining and verifying income through the use of Enterprise Income Verification (EIV), pursuant to 24 CFR. §5.233(a)(2). Applicant or their designated property management staff shall refer to HUD Handbook 4350.3 REV-1, Chapter 3-30 for further guidance;

(2) obtaining and verifying information related to income eligibility of Eligible Families in Assisted Units in accordance with 24 CFR Part 5, subpart F. Applicant or their designated property management staff shall refer to HUD Handbook 4350.3 REV-1, Chapter 3-30 for further guidance;

(3) preventing crime in the Assisted Units, including the denial of admission to persons engaged in criminal activity or has certain criminal histories, in accordance with 24 CFR Part 5, Subpart H. Applicant or its designated property management staff shall refer to HUD Handbook 4350.3 REV-1, Chapter 4-27, E. for further guidance;

4) complying with protections for victims of domestic violence, dating violence, sexual assault, or stalking, pursuant to 24 CFR Part 5, Subpart L; and

(5) complying with all other applicable requirements, including but not limited to the RAC, Project Rental Assistance Program Guidelines, 10 TAC Chapters 1, 2, 8, and any other HUD administrative requirements.

I (We) understand that the Section 811 tenants' participation in supportive services is voluntary and cannot be required as a condition of admission or occupancy.

I (We) understand that if the Applicant or their designated property management staff determines that an applicant is ineligible on the basis of income or Household composition, or because of failure by an Section 811 applicant to sign and submit consent forms for the obtaining of wage and claim information from State Wage Information Collection Agencies, or that the Applicant or their designated property management staff is not selecting the Section 811 applicant for other reasons, the Applicant or their designated property management staff will promptly notify the Section 811 applicant in writing of the determination and its reasons, and that the applicant has the right to meet with the Applicant or their designated property management staff and has the right to request a reasonable accommodation, if applicable. I (We) understand that the Section 811 applicant may also exercise other rights if the applicant believes that he or she is being discriminated against on the basis of race, color, national origin, religion, sex, disability or familial status. I (We) understand that records on Section 811 applicants and Section 811 tenants, which provide racial, ethnic, gender and place of previous residency data required by HUD, must be maintained and retained for three (3) years. I (We) shall refer to HUD Handbook 4350.3 REV-1, Chapter 4-9 for further guidance on rejecting Section 811 applicants and denial of rental assistance.

I (We) certify that no Section 811 PRA Program funds will be attached to units receiving any other form of federal or state housing operating assistance or units that have received any form of long-term operating housing subsidy within a six-month period prior to receiving PRA funds. I (We) additionally certify that 811 PRA subsidy funds will not be attached to any unit that is currently a 30% AMI rent and income restricted unit or any unit that is currently operating with an existing use
restriction or contractual obligation to exclusively serve persons with disabilities or persons 62 and older.

I (We) understand that funding through the full, initial 20 year term of a RAC contract to provide 811 PRA assistance will be conditional based upon available appropriations during each 5 year renewal cycle and may be moved or dissolved by TDHCA at anytime. Additionally, I (We) understand that the total number of assisted units, and their number of bedrooms may be adjusted at anytime by TDHCA for a maximum number of units committed in the Section 811 PRA Owner Participation Agreement.

Management Practices Certification

I (We) certify that the Applicant or their designated property management staff will immediately notify TDHCA of all unit vacancies until all Section 811 PRA units are occupied. I (We) certify that, after a RAC is executed, any available units of a type identified in the RAC will be held vacant for an 811 PRA tenant referred by TDHCA, if a tenant has been referred to the property by TDHCA, for up to 60 days before the unit will be re-rented to a non-811 PRA applicant.

I (We) certify that the Applicant or their designated property management staff will comply with any current or future requirement for marketing or outreach of the units and I (We) certify that I (we) will follow all HUD Fair Housing and Equal Opportunity requirements.

I (We) certify that I (we) will furnish all required documentation, reports, and forms as necessary to assist TDHCA in entering necessary eligibility and income information in HUD systems as required; information requested for reporting on performance measures to HUD will be furnished within the timelines as specified by TDHCA.

I (We) certify that we understand that all Applicants who are States, Territories, Urban Counties, and Metropolitan cities shall be subject to the requirements of 24 CFR Part 85, and further that all Applicants who are Nonprofits shall be subject to the requirements of 24 CFR Part 84.

I (We) certify that the initial lease between the Development and any 811 PRA assisted tenant will be a minimum of one year; I (we) further certify that the HUD model lease form HUD-92236-PRA will be used as required by the Cooperative Agreement, Section XII. GRANTEE PROGRAM ADMINISTRATION.

In addition, I (We) certify that we understand that all lease addendums must be approved by TDHCA. TDHCA will consider lease addendums on a case by case basis and may opt to request approval from HUD. Owners may only modify the lease terms with a tenant at the end of the initial term or a successive term by serving an appropriate notice to the tenant, together with the provision of a revised TDHCA approved agreement or addendum.

I (We) certify to follow requirements of § PRA.406. I (We) understand that prior to occupancy of a Section 811 unit, that an Eligible Section 811 Household must be given the opportunity to be present for the move-in unit inspection. I (We) understand that the inspection of the Section 811 Unit will be completed by both the Applicant or the designated Property Management staff and the Eligible Section 811 Household and both shall certify, on a form prescribed or approved by TDHCA that they have inspected the Section 811 Unit and have determined it to be Decent, Safe, and

December 17, 2018
Sanitary condition in accordance with the criteria provided in the form. The Applicant or the designated Property Management staff shall keep a copy of this inspection and make part of the lease as an attachment to the lease. If the Eligible Section 811 Household waives the right to this inspection, a form prescribed or approved by the TDHCA would be signed by the Eligible Household indicating they have waived this right.

In addition, I (We) certify that the Applicant or the designated Property Management staff shall perform unit inspections of the Section 811 Units on at least an annual basis to determine whether the appliances and equipment in the unit are functioning properly and to assess whether a component needs to be repaired or replaced. This will ensure that the Applicant is meeting its obligation to maintain the Assisted Units in Decent, Safe, and Sanitary condition.

In addition, I (We) understand that the TDHCA and/or HUD may ask, and must be permitted, to review the records related to the RAC at least annually to determine compliance. I (We) understand that HUD may independently inspect project operations and Section 811 Units at any time with reasonable notice prior to inspection; and Equal Opportunity reviews may be conducted by HUD at any time.

I (We) certify that the Applicant or the designated Property Management staff shall comply with the Overcrowded and Under Occupied Unit requirements set by TDHCA and will ensure that Section 811 tenants are not over or under housed according to those requirements.

I (We) certify that the Applicant or the designated Property Management staff shall comply and participate with any dispute resolution processes as required by TDHCA.

I (We) certify, as referenced in § PRA.409, that the Applicant shall not impede the reasonable efforts of tenants of the Assisted Units to organize pursuant to 24 CFR Part 245, or any successor regulations of 24 CFR Part 245, or unreasonably withhold the use of any community room or other available space appropriate for meetings which is part of the mortgaged property when requested by: (i) a resident tenant organization in connection with the representational purposes of the organization; or (ii) tenants seeking to organize or to consider collectively any matter pertaining to the operation of the mortgaged property.

I (We) certify that the Development site referenced in this Application will take reasonable steps to ensure meaningful access to its programs and activities to Limited English Proficiency tenants. Additionally, I (We) certify that all communications provided to Eligible Applicants and Eligible Households at the Development referenced in this Application are provided in a manner that is effective for persons with hearing, visual, and other communications-related disabilities consistent with Section 504 of the Rehabilitation Act of 1973 and, as applicable, the Americans with Disabilities Act.

I (We) certify that Development staff will assist 811 PRA tenants with annual re-certification of income and program requirements as required by HUD; property staff are or will be familiar with HUD income verification requirements and tenant re-certification policies as published in the HUD Handbook 4350.3 REV-1.
I (We) certify that Development staff has the capacity and agrees to participate in the Tenant Rental Assistance Certification System for Section 811 PRA tenants, and that requests for payment will be made from this System within 60 calendar days of a tenant’s initial move in date. I (We) certify that if TDHCA procures a third party for one or more duties of the 811 PRA program, the Development will respond and comply with that third party in all ways as required of their obligations to TDHCA.

I (We) certify that the Development will obtain and maintain any information technology systems required of the PRA Program will be utilized at the Development at no expense to the TDHCA.

I (We) certify that any updated screening, eligibility, lease addenda or fee criteria established for tenants of the identified Development in this Application will be provided to TDHCA 30 calendar days prior to property implementation; additionally, upon request TDHCA will receive copies of tenant re-certifications completed by property staff.

I (We) certify that TDHCA will receive upon request any notices advising of property or resident rental increases.

I (We) certify that a copy of the Development’s property management plan, tenant selection criteria (or plan) and Affirmative Fair Housing Marketing plan will be provided to and discussed with onsite Development staff.
Section 811 PRA Program Certification

By: [Signature of Authorized Representative]

Gary Keep

Printed Name

LifeNet Community Behavioral Healthcare - President

Sole Member of GP

Title

February 13, 2019

Date

The State of Texas

COUNTY OF Dallas

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that name is signed to the foregoing statement, and who is known to be one in the same, has acknowledged before me on this date, that being informed of the contents of this statement, executed the same voluntarily on the date same foregoing statement bears.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13th Day of February, 2019

(Seal)

Rebecca Villanueva
Notary Public Signature
No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   - No – STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   - No – STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   - No - STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   - No - STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Hulen Bend

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Boston Financial Investment Management, LP

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 28 & 29 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of November 14, 2002
# TABLE OF CONTENTS

**ARTICLE I DEFINED TERMS** ........................................................................................................ 1

**ARTICLE II CONTINUATION; NAME; AND PURPOSE** ................................................................. 16

- Section 2.1 Continuation........................................................................................................... 16
- Section 2.2 Name and Office; Agent for Service ................................................................. 16
- Section 2.3 Purpose................................................................................................................ 17
- Section 2.4 Authorized Acts .................................................................................................. 17

**ARTICLE III TERM AND DISSOLUTION** ................................................................................... 18

**ARTICLE IV PARTNERS; CAPITAL** ............................................................................................. 19

- Section 4.1 General Partner .................................................................................................. 19
- Section 4.2 Limited Partners ................................................................................................ 19
- Section 4.3 Partnership Capital and Capital Accounts ......................................................... 19
- Section 4.4 Withdrawal of Capital ........................................................................................ 20
- Section 4.5 Liability of Limited Partners ............................................................................. 20
- Section 4.6 Additional Limited Partners ............................................................................. 20
- Section 4.7 Agreement to be Bound by Documents .............................................................. 20

**ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER** ................ 21

- Section 5.1 Installments of Capital Contributions ............................................................... 21
- Section 5.2 Repurchase of Investor Limited Partner’s Interest ............................................. 24
- Section 5.3 Redemption of Partnership Interest .................................................................... 26
- Section 5.4 Default of Investor Limited Partner .................................................................... 26

**ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNER** ........... 28

- Section 6.1 Restrictions on Authority .................................................................................... 28
- Section 6.2 Tax Matters Partners .......................................................................................... 29
- Section 6.3 Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner ........................................................................... 31
- Section 6.4 Duties and Obligations of the General Partner .................................................... 32
- Section 6.5 Representations and Warranties; Certain Indemnities ........................................ 34
- Section 6.6 Indemnification ................................................................................................... 38
- Section 6.7 Liability of General Partner to Limited Partners ................................................. 38
- Section 6.8 Certain Obligations of the Developer .................................................................. 39
- Section 6.9 Obligation to Provide for Operating Expenses ................................................... 40
- Section 6.10 Certain Payments to the General Partner and Affiliates .................................. 40
- Section 6.11 Joint and Several Obligations ............................................................................ 41

**ARTICLE VII WITHDRAWAL AND REMOVAL OF A GENERAL PARTNER** ............ 41

- Section 7.1 Voluntary Withdrawal ......................................................................................... 41
- Section 7.2 Obligation to Continue ....................................................................................... 42
- Section 7.3 Successor General Partner .................................................................................. 42
- Section 7.4 Interest of Predecessor General Partner ............................................................ 42
- Section 7.5 Designation of New General Partners ............................................................... 43
- Section 7.6 Amendment of Certificate; Approval of Certain Events ..................................... 43
Section 7.7 Removal of the General Partner ........................................... 43

ARTICLE VIII TRANSFER OF LIMITED PARTNER INTERESTS .......... 47
Section 8.1 Right to Assign ................................................................ 47
Section 8.2 Substitute Limited Partners ........................................... 48
Section 8.3 Assignees ........................................................................ 48

ARTICLE IX LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION 49
Section 9.1 General ....................................................................... 49
Section 9.2 Refinancing and Sale .................................................... 49
Section 9.3 Sales Commissions ....................................................... 50

ARTICLE X PROFITS, LOSSES AND DISTRIBUTIONS .................... 50
Section 10.1 Distributions Prior to Dissolution ............................... 50
Section 10.2 Distributions Upon Dissolution .................................. 51
Section 10.3 Profits, Losses and Tax Credits .................................. 52
Section 10.4 Minimum Gain Chargebacks and Qualified Income Offset 54
Section 10.5 Recapture Amount ..................................................... 55
Section 10.6 Special Provisions ....................................................... 57

ARTICLE XI MANAGEMENT AGENT ............................................ 59
Section 11.1 Management Agent ..................................................... 59
Section 11.2 Special Power of Attorney .......................................... 60

ARTICLE XII BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION, ETC 60
Section 12.1 Books, Records and Reporting .................................. 60
Section 12.2 Bank Accounts ......................................................... 63
Section 12.3 Elections .................................................................. 63
Section 12.4 Special Adjustments ................................................... 64
Section 12.5 Fiscal Year ................................................................. 64

ARTICLE XIII GENERAL PROVISIONS ........................................ 64
Section 13.1 Notices ...................................................................... 64
Section 13.2 Word Meanings ......................................................... 64
Section 13.3 Binding Provisions ..................................................... 65
Section 13.4 Applicable Law .......................................................... 65
Section 13.5 Counterparts .............................................................. 65
Section 13.6 Paragraph Titles ........................................................ 65
Section 13.7 Separability of Provisions; Rights and Remedies .......... 65
Section 13.8 Effective Date of Admission ....................................... 66
Section 13.9 Delivery of Certificate ................................................. 66
Section 13.10 Additional Information ............................................. 66
Section 13.11 Further Documents and Actions ............................... 66
Section 13.12 Brokers or Finders .................................................... 67
Section 13.13 Amendment ............................................................... 67
Section 13.14 Requirements of the Lender and the Agency ............ 67
Section 13.15 Requirements for Bonds .......................................... 68
MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of November 14, 2002, among MAEDC-HULEN BEND GP, LLC a Texas limited
liability company as General Partner; ABBY-TAC TEXAS, a Texas joint venture as Developer
Limited Partner; SLP, INC., a Massachusetts corporation, as Special Limited Partner; LEND
LEASE HULEN BEND, LLC, a Delaware limited liability company, as Investor Limited
Partner; and MONIQUE S. ALLEN as Original (and Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to a
Limited Partnership Agreement dated as of September 25, 2002 (the “Original Partnership
Agreement”) and a Certificate of Limited Partnership dated as of September 24, 2002 (the
“Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing
Office”) on September 24, 2002. The Original Partnership Agreement, as amended to date
is herein collectively called the “Existing Partnership Agreement”.

The purposes of this amendment to, and restatement of, the Existing Partnership
Agreement are to (i) admit the Investor Limited Partner, the Special Limited Partner and the
Developer Limited Partner as Partners; (ii) provide for the withdrawal of the Original Limited
Partner as Limited Partner; and (iii) to set out more fully the rights, obligations and duties of the
Partners.

Now, therefore, it is agreed and certified, and the Existing Partnership Agreement is
hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINED TERMS

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac & Company LLP, or any other firm of certified public
accountants as may be engaged by the General Partner with the Consent of the Investor Limited
Partner.

“Adjustment Amount” has the meaning given it in Section 5.1B.

“Adjustment Factor” has the meaning given it in Section 5.1B.

“Adjustment Fraction” means a fraction separately determined as to each fiscal year, the
numerator of which shall be the Consumer Price Index most recently published before the end of
such fiscal year, and the denominator of which shall be the Consumer Price Index most recently
published prior to the Admission Date.

“Admission Date” means the date on which the Investor Limited Partner is admitted to
the Partnership pursuant to Section 13.8.
“Adverse Consequences” means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys’ fees and expenses actually paid, or reasonably expected to be paid, by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

“Affiliate” means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership if that Person is not otherwise an Affiliate of the Partnership or General Partner.

“Agency” means, as applicable, the Credit Agency and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

“Agreement” means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“Annual Credit” has the meaning given it in Section 5.1B.

“Appraised Value” means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.

“Asset Management Fee” means the fee payable to the Investor Limited Partner for asset management services in accordance with the following sentences. As to any Fiscal Year of the Partnership, the Asset Management Fee shall be the product of the “Applicable Amount” times the Adjustment Fraction determined in accordance with the following sentence. The “Applicable Amount” shall be zero until the Completion Date and $10,000 per annum (pro rated for periods of less than a full fiscal year during which such Applicable Amount shall apply) thereafter. Such fee shall be cumulative and shall be earned and payable as set forth in Article X.
“Assignment” shall mean any assignment, transfer or sale, and the words “assign,” “assignee” and “assignor” shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

“Bond Documents” means the Indenture, the Bonds, the Bond Loan Documents, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.

“Bond Lender” means the Tarrant County Housing Finance Corporation and its successors and assigns.

“Bond Loan” means the loan in the amount of up to $12,250,000 to be made by the Bond Lender pursuant to the terms of the Bond Loan Documents.

“Bond Loan Agreement” means the Loan Agreement dated as of November 1, 2002, by and between the Partnership and the Bond Lender setting forth the terms of the Bond Loan.

“Bond Loan Documents” means the Bond Loan Agreement, the Bond Note, the Bond Mortgage, the Bond Regulatory Agreement, the Reimbursement Agreement and any other documents delivered by the Partnership or the General Partner in connection with the Bond Loan, as the same may be amended from time to time.

“Bond Loan Note” means the promissory note in the amount of $12,250,000 dated November 1, 2002 issued by the Partnership evidencing the Bond Loan.

“Bond Mortgage” means the Multifamily Deed of Trust, Assignment of Rents and Fixture Filing dated as of November 1, 2002 granted by the Partnership to the Bond Lender to secure the Bond Note.

“Bond Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants dated November 1, 2002 by and among the Issuer, the Partnership and the Trustee.

“Bonds” means the $12,250,000 Tarrant County Housing Finance Corporation Multifamily Housing Revenue Bonds (Hulen Bend Senior Apartments Project) Series 2002A.

“Breakeven” means the first day following three (3) consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, [real estate taxes, assuming full assessment] and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants,
the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies. The determination of the Accountants that Breakeven has occurred, in the form attached to Exhibit J, shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property to determine, among other things, that there is no deferred maintenance of the Project; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within twenty (20) business days after having received the Accountants’ determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement and Breakeven shall be deemed to have occurred.


“Building” means the 1 building to be located on the Land which, in the aggregate, will contain 237 dwelling units upon completion of construction.

“CHDO” means the Community Housing Development Organization exemption to be granted to the Project by the Tarrant Appraisal District.

“Capital Account” means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner’s share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

“Capital Contribution” means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term “Capital Contribution” shall include any Special Capital Contribution.

“Capital Transaction” means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

“Cash Available for Debt Service Requirements” means, for any period of three (3) consecutive months, the excess of (i) all Cash Receipts during such period over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership or Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal
nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a fiscal year shall be considered a cash receipt of the Partnership for such Fiscal Year.

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to allow delivery of a date down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A (viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner’s representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the entire period during which the "compliance period" described in Section 42(i)(1) of the Code shall be applicable to any building of the Project.
"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements, as amended from time to time.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Credit Agency" means the Texas Department of Housing and Community Affairs.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $510,664.

"Credit Period" means the period described in Section 42 of the Code.

"Credit Reallocation Amount" means the amount of any tax credits allocated to the General Partner instead of to the Investor Limited Partner as a result of the application of Section 704(b) of the Code.

"Debt Service Coverage Ratio" means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any period of three (3) consecutive calendar months, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.
"Deferred Development Fee" has the meaning attributed thereto in the Development Agreement.

"Designated Prime Rate" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) Base Rate plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate permitted by law in the applicable context.

"Designated Proceeds" means the proceeds of the Mortgage Loan, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partner in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"Determination Date" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"Developer" means Abby-Tac Texas, a Texas joint venture as Primary Developer and Maple Avenue Economic Development Corporation of Dallas, a Texas non-profit corporation, as Secondary Developer.

"Development Advances" has the meaning set forth in the Development Agreement.

"Development Agreement" means the Development Agreement effective August, 2002 between the Partnership, the Developer as Primary Developer and Maple Avenue Economic Development Corporation of Dallas, a Texas non-profit corporation, as Secondary Developer, as the same may be amended from time to time.

"Development Amount" has the meaning attributed thereto in the Development Agreement.

"Development Costs" means all costs (other than the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Project Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs.
"Developer Limited Partner" means Abby-Tac Texas, a Texas joint venture.

"Development Obligation Date" means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing or (iii) achievement of Breakeven for a period of three (3) consecutive calendar months or (iv) delivery of the certificate in the form attached hereto as Exhibit J.

"Document Schedule" means the Schedule of Documents attached hereto as Exhibit K.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.2B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.

"Eligible Development Costs" means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.
“Extended Use Agreement” means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions.

“Facility” shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

“Final Closing” means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) Permanent Mortgage Commencement, (iii) the Project’s being free of any mechanics’ or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Special Tax Counsel (or by an endorsement of either such title policy)), (iv) the completion by the Accountants of a certified audit of the Partnership’s and the Builder’s construction costs as a part of cost certification to the extent required by the Lenders and the Agency, (v) the agreement and acceptance of such cost certification by the Lenders and the Agency to the extent required by the Lenders and the Agency, (vi) the disbursement of proceeds under the Mortgage Loan has been made in the full amount permitted by such cost certification, and (vii) all amounts due in connection with the construction of the Project have been paid or provided for, and (viii) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

“Final Determination” means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

“Fiscal Year” means the twelve-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

“General Partner” means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person’s capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term “General Partners” shall be construed as singular.

“GMAC-CHCC” means GMAC Commercial Holding Capital Corp.
"Guarantors" means, collectively, J. Anthony Sisk and Brian Clarke.

"Guaranty Agreement" means the joint and several guaranty of even date herewith, made by the Guarantors in favor of the Investor Limited Partner.

"Hazardous Material" shall have the collective meanings given to the terms "hazardous material," "hazardous substances," "hazardous wastes," "toxic substances" and analogous terms in the Hazardous Waste Laws. In addition, the term "Hazardous Material" shall also include oil and any other substance known to be hazardous.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"Improvements" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

"Incentive Management Agreement" means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agents pursuant to which the Supervisory Management Agents are to provide certain supplemental management services with respect to the Project.

"Incentive Management Fee" means the fee payable to the Supervisory Management Agents under the Incentive Management Agreement for their services thereunder. The Incentive Management Fee shall be equal to 7% of gross revenues of the Project, payable as set forth in Section 10.1.

"Indenture" means the Indenture of Trust dated November 15, 2002 by and between Issuer and the Trustee.

"Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner and the Special Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;
(iv) one or more of the principals or appraisers of such firm are members in
good standing of an appropriate professional association or group which establishes and
maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a
contract that specifies the compensation payable for such appraisal.

"Inspecting Architect" or any successor to such firm.

"Installment" means any Installment of the Capital Contributions of the Investor Limited
Partner referred to in Section 5.1.

"Interest", or words of like import, shall mean all the interest of a Partner in Cash Flow
and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership,
including all allocations and distributions and all rights under this Agreement, and also shall
include such interests and rights of such Partner in any successor partnership formed pursuant to
this Agreement.

"Investment Assumptions" means the financial schedules and underlying assumptions
listed as the Investment Assumptions on the Document Schedule.

"Investment Closing" means the date of delivery of this Agreement, and the closing of
the Bond Loan.

"Investor Limited Partner" means, initially, Lend Lease Hulen Bend, LLC and shall
include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, and
its successors in such capacity.

"Issuer" means the Tarrant County Housing Finance Corporation, and its successors.

"Land" means the parcels of land on which the Improvements are located in Fort Worth,
Texas, as described in the Deed of Trust.

"Lender" means the Bond Lender.

"Lend Lease" means Lend Lease Real Estate Investments, Inc. and its successors.

"Limited Partner" or "Limited Partners" mean any or all of those Persons designated as
Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section
4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such
Person’s capacity as a Limited Partner of the Partnership. Such terms shall include the Special
Limited Partner, the Investor Limited Partner, the Developer Limited Partner and any Persons
who may succeed to the Interests of such Limited Partners.

"Low Income Unit" means any of the 237 dwelling units in the Project which are to be
held for occupancy by the Partnership in such manner as to qualify such units as qualified
low-income housing units under Section 42(i)(3) of the Code.
“Management Agent” means Alpha-Barnes Real Estate Services, or any successor thereto engaged by the General Partner as the management agent for the Project with the Consent of the Investor Limited Partner.

“Management Agreement” means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

“Management Fee” means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

“Managing General Partner” means any Managing General Partner designated as provided in Section 6.3B.

“Material Default” has the meaning set forth in Section 7.7B.

“Mortgage” means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, “Mortgage” shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term “mortgage” means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and “foreclose” and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

“Mortgage Loan” means the Bond Loan.

“Mortgage Loan Commitments” means and includes the commitment of (i) GMAC-CHCC to make the Bond Loan of up to $12,250,000 and (ii) Bank of America, N.A. to provide credit enhancement for the Bond Loan.

“Mortgage Loan Documents” means the Bond Loan Documents.

“Net Capital Contribution” means $4,008,000.

“Note” means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A and 6.9B which are repayable without interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real
estate taxes and debt service with respect to the Mortgage Loan (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the General Partner and not funded out of any reserves for such, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9C or (ii) distributions to Partners pursuant to Article X.

"Operating Reserve" means the reserve to be established by the Partnership out of the proceeds of the Third or Fourth Installments in the initial amount of $250,000.

"Other Development Costs" means Development Costs which are not Eligible Development Costs.

"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(i)(2) and (i)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partner may designate from time to time as counsel for the Partnership.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1C(i).
"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Project" or "Property" means the Land and the Improvements.

"Project Documents" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner’s interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner’s Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"Recapture Amount" has the meaning specified in Section 10.5.

"Recapture Event" has the meaning specified in Section 10.5.

"Regulations" means the rules and regulations of any Agency which are applicable to the Project or the Partnership.

"Regulatory Agreement" means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered into between or by the Partnership and/or for the benefit of any Lender or Agency with respect to the Project, as amended from time to time.

"Related Agreements" means each agreement, promissory note and certificate referred to in the Document Schedule.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Removal Notice" shall have the meaning set forth in Section 7.7.

"Removal Notice Date" shall have the meaning set forth in Section 7.7.
"Requisite Approvals" means any required approvals of the Lender and each Agency to an action proposed to be taken by the Partnership.

"Retirement" (including the forms "Retire" and "Retired") means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition (except by reason of death) of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, "controlling interest" shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Schedule" means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

"Service" means the Internal Revenue Service.

"SLP" means SLP, Inc., a Massachusetts corporation.

"Special Capital Contribution" means a capital contribution described in and made pursuant to Section 6.9A and or Section 6.9C.

"Special Endorsements" means a non-imputation endorsement, a comprehensive endorsement, a contiguity endorsement (if the Land consists of more than one parcel), an access endorsement, a zoning endorsement (including any applicable parking provisions), a Fairways endorsement, and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

"Special Limited Partner" means SLP as Special Limited Partner and its successors in such capacity.

"Special Tax Counsel" means Holland & Knight LLP, of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

"State" means the State of Texas.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.2.
“Supervisory Management Agents” means MAEDC-Hulen Bend GP, LLC a Texas limited liability company, and Abby-Tac Texas, a Texas joint venture.

“Tenant Income Certification” means a tenant’s initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.

“Title Policy” means the TLTA owner’s policy of title insurance issued to the Partnership by American Land Title Insurance Company as endorsed to include the Special Endorsements and to increase the amount thereof to $16,558,000 and to update such policy to the date of the Investment Closing.

“TMP” means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.

“Trustee” means Bank One, National Association, and its successors.

“Uniform Act” means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

“Vessel” shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

“Working Capital Loan” means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

CONTINUATION; NAME; AND PURPOSE

Section 2.1 Continuation

The parties hereto hereby agree to continue the limited partnership known as MAEDC-Hulen Bend Senior Community, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2 Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at c/o 7017 Chipperton, Suite 100, Dallas, Texas 75225. The General Partner may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.
B. The name and address of the agent of the Partnership for service of process shall be: Monique S. Allen, 7017 Chipperton, Suite 100, Dallas, Texas 75225.

Section 2.3 Purpose

The purpose of the Partnership is to acquire, construct, rehabilitate, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4 Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partner acting on its behalf is, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms’ length.

(vi) To execute any and all notes, mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Agency.

(viii) To execute leases of the apartment units in the Project.
(ix) To modify or amend the terms of any agreement or contract which the General Partner is authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

TERM AND DISSOLUTION

A. The Partnership shall continue in full force and effect until December 31, 2052, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII or Section 4.7;

(iii) the election to dissolve the Partnership made in writing by the General Partner with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII or Section 4.7), the General Partner (or for purposes of this paragraph, its trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partner shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partner may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).
ARTICLE IV

PARTNERS; CAPITAL

Section 4.1 General Partner

A. The General Partner of the Partnership is MAEDC-Hulen Bend GP, LLC and its address and Capital Contribution are set forth in the Schedule A. In no event shall the aggregate Capital Contributions of the General Partner (excluding any Special Capital Contributions) exceed $100 without the Consent of the Investor Limited Partner.

B. In the event the entire Development Amount has not been paid by the fourteenth anniversary of the Completion Date, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount.

Section 4.2 Limited Partners

A. The Special Limited Partner is hereby admitted to the Partnership. Its address and Capital Contribution are set forth in the Schedule.

B. The Developer Limited Partner is hereby admitted to the Partnership. Its address and Capital Contribution are set forth in the Schedule.

C. The Investor Limited Partner is hereby admitted to the Partnership. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Monique S. Allen. By her execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3 Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term "substituted Partner", as used in this paragraph, shall
mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner’s Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII, Article VIII or Section 13.1.

Section 4.4 Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5 Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6 Additional Limited Partners

The General Partner may admit additional Limited Partners only with the Consent of the Investor Limited Partner.

Section 4.7 Agreement to be Bound by Documents

The General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement, the Project Documents to
the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loan shall be outstanding.

ARTICLE V

CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER

Section 5.1 Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $4,008,000 payable in five (5) installments (the “Installments”) as follows:

(i) the first Installment (the “First Installment”) in the amount of $100 shall be paid on the date of Investment Closing;

(ii) the second Installment (the “Second Installment”) in the amount of $2,488,900 shall be paid upon the receipt of and approval by the Investor Limited Partner of all items of due diligence set forth on Exhibit B;

(iii) the third Installment (the “Third Installment”) in the amount of $717,000 shall be paid on the Completion Date;

(iv) the fourth Installment (“Fourth Installment”) in the amount of $401,000 shall be paid on the later to occur of (a) Final Closing or (b) the date the Accountants determine the amount of the Annual Credit, and determine that the Project satisfies the requirements of Section 42(h)(4) of the Code;

(v) the fifth Installment (the “Fifth Installment”) in the amount of $401,000 shall be paid on the later to occur of (a) the date the Partnership achieves a 115% Debt Service Coverage Ratio for each of three (3) consecutive months, or (b) the receipt by the Partnership of properly executed Forms 8609 from the Credit Agency with respect to all of the buildings comprising the Project, or (c) the receipt by the Partnership of evidence that the Project has been granted a CHDO exemption by the Tarrant Appraisal District.

B. The Capital Contribution of the Investor Limited Partner shall be subject to reduction in the manner provided in this Section 5.1B.

(i) If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the aggregate amount of the Annual Credit (as hereinafter defined) properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is less than $510,613 then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the
“Adjustment Factor” (as hereinafter defined) for each $1.00 that the aggregate Annual Credit properly allocable to the Investor Limited Partner is less than $510,613 (the resulting product being referred to herein as the “Adjustment Amount”). The “Adjustment Factor” shall be an amount equal to $9.12. The Adjustment Amount shall be increased by 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full.

(ii) If the Accountants shall determine or there shall be a Final Determination that the amount of the low income housing credit properly allocable to the Investor Limited Partner under Section 42(a) of the Code is less than $40,397 in 2003 or $367,878 in 2004, then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.75 for each $1.00 that the low-income housing credit properly allocable to the Investor Limited Partner is less than $40,397 in 2003 or $367,878 in 2004, except to the extent such reduction has already been effected pursuant to the foregoing subparagraph (i).

(iii) For the purposes of this Section 5.1B., the term “Annual Credit” shall mean the annual amount of the “low-income housing credit” allowable to the Partners under Section 42(a) of the Code; provided, however, that in determining such amount the following adjustments shall be made:

(a) no amount of any increase in the credit allowable pursuant to Section 42(f)(3) of the Code shall be considered in determining the Annual Credit unless such increase is allowable during the second year of the “Credit Period”;

(b) the Annual Credit shall be determined without regard to the following provisions of Section 42 of the Code: (x) the adjustments to the amount allowable for the first year of the “Credit Period” pursuant to Sections 42(f)(2) or 42(f)(3)(B) of the Code; (y) any reduction to the number of Low Income Units which occurs subsequent to the fifth year of the “Credit Period”; or (z) a failure of a portion of the Project to qualify as a “qualified low-income building” which occurs subsequent to the fifth year of the “credit period”.

(iv) Any reduction in the Capital Contribution of the Investor Limited Partner shall be applied to reduce the amount of any unpaid portions of the Third, Fourth or Fifth Installments, in order, by a corresponding amount. If such reduction exceeds the amount of such unpaid Installments (or if only the Fifth Installment remains unpaid or all Installments have already been paid), then the General Partner shall pay to the Investor Limited Partner the amount of such excess reduction within thirty (30) days of the date of the determination in question. Any such payment by the General Partner shall constitute a Special Capital Contribution by the General Partner and shall not be reimbursable by the Partnership, and the Partnership shall distribute such amount to the Investor Limited Partner within five (5) days from the date the Partnership receives such amount from the General Partner. If full payment of such amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate.

(v) If the Accountants shall determine that the amount of the Annual Credit allocable to the Investor Limited Partner is greater than $510,613 then the Capital Contributions of the Investor Limited Partner shall be increased by $7.85 for each $1.00
that the Annual Credit allocable to the Investor Limited Partner is greater than $510,613. The aggregate increase to the Capital Contributions of the Investor Limited Partner under this subsection (v) shall not exceed $200,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Fifth Installment. Notwithstanding the foregoing, in the event that, through the completion date: (1) the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), and/or (2) the amount of deductible investment interest expense in excess of interest income allocated to the Investor Limited Partner is less than $46,152 (the “Interest Expense Shortfall”), then the increased Capital Contribution payable under this Section 5.1B(v) shall be reduced by an amount equal to 40% of any Net Interest Income and Interest Expense Shortfall.

C. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partner shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the “Payment Certificate”), in the forms attached hereto as Exhibits relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $510,664 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be
reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2  Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing shall not have taken place on or before November 1, 2004, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within thirty (30) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics’ or any other lien (other than the lien of any Mortgage) against the Project and such action has not within thirty (30) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Special Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of thirty (30) days; (4) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (5) the Project shall become ineligible for 30% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions; or

(iii) any Lender or Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership.

B. If any such event set forth in Section 5.2A shall occur, the General Partner shall give notice to the Investor Limited Partner of the obligations of the General Partner hereunder to purchase its Interest (such obligation being herein called a “Purchase Obligation” and such notice the “Purchase Obligation Notice”) within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partner notice of such election (an “Election Notice”) within
thirty (30) days after such Purchase Obligation Notice from the General Partner is received by
the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the
General Partner is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partner of an
Election Notice from the Investor Limited Partner, the General Partner shall pay the Investor
Limited Partner a purchase price (the “Purchase Price”) in cash (with interest thereon at the
Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery)
equal to (i) the sum of (a) 110% of the Investor Limited Partner’s Net Capital Contribution
(whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or
penalties payable in connection with any recapture of tax credits allocated to the Investor
Limited Partner pursuant to this Agreement less (ii) the sum of (a) that portion of the Net Capital
Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash
Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner’s
Interest and (c) the amount of any tax credits allocable to the Interest which will not be
recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no
further obligations under this Agreement, and the General Partner shall indemnify and defend the
Investor Limited Partner and hold it harmless against any such obligations. The General Partner
shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to
receive and retain the Purchase Price as against any creditor of any General Partner or the
Partnership. Notwithstanding the purchase by the General Partner of the Interest of the Investor
Limited Partner pursuant to Section 5.2A, to the extent permitted under the applicable provisions
of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits
in respect of said Interest for the period prior to the date of the receipt by the Investor Limited
Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest
of the Investor Limited Partner shall not vest in the General Partner until payment in full of the
Purchase Price therefor. Upon such payment, the General Partner shall forthwith cause an
amendment hereto and to the Certificate and any other necessary papers to be executed, filed,
recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor
Limited Partner of its right to require the purchase by the General Partner of its Interest in the
manner described in this Section 5.2.

F. The Investor Limited Partner shall have the right to waive its right to have its
Interest repurchased at any time during which any of such rights shall be in effect. Any such
waiver shall be exercised by delivery to the General Partner of a written notice stating under
which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its
rights thereunder are thereby irrevocably waived from that date forward.

G. Should any General Partner repurchase the Interest of the Investor Limited
Partner pursuant to this Section 5.2, then the Special Limited Partner agrees to withdraw from
the Partnership at the same time as the Investor Limited Partner’s withdrawal is effective.
Section 5.3  Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

Section 5.4  Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership may declare a default in the payment of all unpaid future Capital Contributions, by written notice to the Investor Limited Partner. The Investor Limited Partner shall have 30 days after such notice to cure such default. If the Investor Limited Partner fails to so cure such default within such period, then such failure shall constitute a default by the Investor Limited Partner under this Agreement and all unpaid future Capital Contributions shall be immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for consent of the Investor Limited Partner, each of which shall be cumulative and concurrent and may be pursued separately; successively, or together except as is otherwise provided in this Section, and such rights and remedies may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) Sale of Interest. After the notice of default by the Partnership and expiration of the 30 day cure period described above, the Partnership may elect, upon five days' written notice to the Investor Limited Partner, to sell the Investor Limited Partner’s Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable good faith efforts to obtain the highest price for the Investor Limited Partner’s Interest. The Investor Limited Partner shall receive the net proceeds of such sale upon satisfaction of the obligations of the Investor Limited Partner hereunder. The Investor Limited Partner appoints the Managing General Partner with full power of substitution in the premises, as its true and lawful attorney-in-fact with full power and authority in its name, place and stead solely for purposes of executing and delivering an amendment to this Agreement in order to effectuate the provisions of this clause (i), subject to the provisions of clause (iv) below.

(ii) Actions for Damages and Specific Performance. At any time, after the notice of default by the Partnership and after expiration of the 30 day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits for damages, against the Investor Limited Partner, to recover any and all economic damages sustained by the Partnership resulting from the Investor Limited Partner’s default, including, but not limited to, all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney’s fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership’s exercise of its rights under subsection (i) above.
(iii) **Interest.** After notice of default by the Partnership and after expiration of the cure period described above, the defaulted future Capital Contributions will bear interest at the annual rate of one percent (1%) over the prime commercial rate prevailing at the end of the preceding calendar month until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) **Certain Disputes and Limitations on Remedies.** Notwithstanding the foregoing, this Section 5.4 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder if the Investor Limited Partner disputes the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the 30-day period described above for Arbitration in Boston, Massachusetts in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described in (iii), above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights under this Section 5.4 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a finding by the Arbitrator that all conditions to the disputed Installment were satisfied (regardless of whether the Investor Limited Partner has exercised its right to challenge the Arbitrator’s finding pursuant to (2) above. If the Investor Limited Partner fails to pay such amounts within such ten (10) day period, the Investor Limited Partner shall not be entitled to exercise its rights under (2) above and the finding by the Arbitrator shall be deemed final and binding.

B. **Notwithstanding the above, in order to secure the performance of the Investor Limited Partner’s obligation to make Capital Contributions under this Agreement (subject to the default and adjustment provisions herein), the Investor Limited Partner has granted to the Partnership a security interest in the Investor Limited Partner’s Interest in the Partnership. The Investor Limited Partner hereby represents that the security interest granted is a first security interest in the collateral described subject and subordinate, if applicable, to the Bond Loan. The Investor Limited Partner acknowledges and agrees that the Partnership may assign the Investor Limited Partner’s Interest to Bank of America, N.A. as security for the construction phase of the Bond Loan. The Partnership will not take any action to foreclose against such security interest prior to thirty (30) days written notice received by the Investor Limited Partner (the “Notice Period”). Further, if the Investor Limited Partner contests such action within the Notice Period giving written protest setting forth the basis of its objections (the “Protest Notice”), then the matter will be submitted to binding arbitration as set forth herein. If the Investor Limited Partner does not contest such action within the Notice Period by Protest Notice, then the Partnership may proceed, however, the Investor Limited Partner will be given a reasonable opportunity to appear and bid at any public or private sale of such Interest, or of any part thereof.
ARTICLE VI

RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNER

Section 6.1 Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partner shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Agency.

B. The General Partner shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner, the Developer Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partner or its Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partner or its Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partner may cause
the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(viii) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(ix) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(x) to amend any of the Related Agreements, or

(xi) to permit the merger, termination or dissolution of the Partnership, or

(xii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $50,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xii) shall not be unreasonably withheld.) or

(xiii) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partner shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2 Tax Matters Partners

A. The Managing General Partner is hereby designated as the Tax Matters Partner for the Partnership. Upon the Retirement of the Person serving as the TMP (the "Retired TMP"),
the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1 or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partner and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including attorneys’ fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.
Section 6.3  Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

A. The General Partner shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partner hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. MAEDC-Hulen Bend GP, LLC is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner; the Developer or any Guarantor or (vi) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within twenty (20) business days (or cured within a reasonable time (not to exceed forty-five (45) business days) in the event it is impossible to cure such default within such twenty (20)-business day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or Lend Lease, may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner’s receipt thereof. Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the
foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partner or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4 Duties and Obligations of the General Partner

A. The General Partner shall use its reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners by any Lender or Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the credit period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partner shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partner shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partner shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a qualified low income housing project under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partner shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a “qualified low income housing project” under Section 42(g) of the Code or which would cause the recapture of any low income housing tax credit under the Code without the Consent of the Investor Limited Partner.

D. The General Partner shall prepare and submit to the Secretary of the Treasury (or any other Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the low-income housing credit described in Section 42 of the Code for all Low Income Units and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of such credit for failure to comply with the requirements of Section 42 of the Code.
E. Except as provided in or contemplated by the Forward Commitments, the General Partner agrees that neither it nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. The General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partner shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control. The General Partner shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. The General Partner shall be solely responsible for the following:

1. analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state;
2. identifying potential land sites and analyzing the demographics of potential sites;
3. analyzing a site's economy and forecasting future growth potential;
4. determining the site's zoning status and possible rezoning strategies;
5. contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances;
6. performing environmental tests on selected sites;
7. negotiating the purchase of the Land and its related financing;
8. causing the Partnership to acquire the Land;
9. processing necessary documentation with the Credit Agency in connection with the low income housing credit;
10. arranging the permanent mortgage financing for the Project; and
11. arranging for the admission to the Partnership of the Investor Limited Partner and the Special Limited Partner.

In consideration for its services set forth in this Section 6.4H, the General Partner has received its interest in the profits of the Partnership as set forth in Section 10.3. The General Partner shall not assign any of these duties to the Developer.
I. The General Partner shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project, or at or on any other Facility or Vessel owned, occupied, or operated either by any General Partner, any Affiliate of a General Partner, or any Person for whose conduct any General Partner or Affiliate of a General Partner is or was responsible; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner’s obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project or any other Facility or Vessel owned, occupied, or operated by any General Partner, any Affiliate of a General Partner or any Person for whose conduct any General Partner or Affiliate of a General Partner is or was responsible or whose liability may result in a lien on the Project; (y) upon any General Partner’s receipt of any notice to such effect from any federal, state, or other governmental authority; and (z) upon any General Partner’s obtaining knowledge of any incurrence of any expense or loss by any such governmental authority in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. The General Partner shall establish a reserve account for capital replacements, which account shall be funded by monthly deposits of $200 per unit per year following the Completion Date (or such lesser amount as shall be approved in writing by the Special Limited Partner and the Developer Limited Partner from time to time). Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partner.

K. The General Partner, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of the Buildings (including site improvements) and the Land is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State’s volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner its Capital Account as of the close of the tax year in which such notice is given will have a zero balance, then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of the Development Amount shall constitute a “nonrecourse liability” of the Partnership as such term is defined in Treasury Regulation Section 1.752-1(a)(2) or any successor regulation. Unless another action is proposed by the General Partner and approved by the Investor Limited Partner, the General Partner shall cause the Developer to assign the outstanding balance of the Development Amount to an entity which is not a Related Person.

Section 6.5 Representations and Warranties; Certain Indemnities

A. The General Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of Investment Closing and will be true on the due date for payment of each Installment and at all times hereafter:
(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper governmental authority necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, the General Partner, any Guarantor, the Builder or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, the General Partner, any Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of Investment Closing.

(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Partnership owns the fee simple interest in the Property and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics’ or other liens which have been bonded or insured against in such a manner as
to preclude the holder of such lien or such surety or insurer from having any recourse to
the Property or the Partnership for payment of any debt secured thereby. None of the
liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at
Investment Closing has or will have a material adverse effect upon the construction or
operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all
acts heretofore or hereafter made or taken or to be made or taken, pertaining to the
Partnership or the Property by any General Partner or an Affiliate thereof which is a
corporation or limited liability company have been or will be duly authorized by all
necessary action, and the consummation of any such transactions with or on behalf of the
Partnership will not constitute a breach or violation of, or a default under, the
organizational documents of any such Entity or any agreement by which any such Entity
or any of its properties is bound, nor constitute a violation of any law, administrative
regulation or court decree. Each such Entity is duly organized and validly existing under
the law of the state of its incorporation.

(x) No General Partner is in default in any material respect in the observance
or performance of any provision of this Agreement to be observed or performed by such
General Partner.

(xi) The Related Agreements are in full force and effect and no default by any
party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is
continuing thereunder (nor has there occurred any event which, with the giving of notice
or the passage of time, or both, would constitute such a default in any material respect
thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the
Partnership, any General Partner, any Guarantor or the Developer.

(xiii) The Project will qualify on and after the Completion Date as a “qualified
low-income housing project” under Section 42(g) of the Code and all Low Income Units
in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under
Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, Affiliate of a General Partner, or Person for whose
conduct any General Partner is or was responsible has ever: (i) owned, occupied, or
operated a Facility or Vessel on which any Hazardous Material was or is stored,
transported, or disposed of (except if such storage, transport or disposition was or is at all
times in compliance with applicable Hazardous Waste Laws); (ii) directly or indirectly
transported, or arranged for transport, of any Hazardous Material (except if such transport
was or is at all times in compliance with applicable Hazardous Waste Laws); (iii) caused
or was legally responsible for any release or threat of release of any Hazardous Material;
(iv) received notification from any federal, state or other governmental authority of (x)
any potential, known, or threat of release of any Hazardous Material from the Project or
any other Facility or Vessel owned, occupied, or operated by any General Partner,
Affiliate of a General Partner, or Person for whose conduct any General Partner or Affiliate of a General Partner is or was responsible or whose liability may result in a lien on the Project; or (y) the incurrence of any expense or loss by any such governmental authority or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project or any such Facility or Vessel.

(xvi) To the best of the General Partner's knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partner or its Affiliates, shareholders, directors, officers or managers.

(xix) The amount of the Annual Credit (as defined in Section 5.1B(iii)) shall be at least $510,664.

(xx) Fifty percent (50%) or more of the aggregate basis of the Buildings and the Land will be financed with an obligation the interest on which is exempt from tax under Section 104 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xxi) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(xxii) On or before the contribution of the Investor Limited Partner's Third Installment, the General Partner will obtain the CHDO exemption from real estate taxes for the Project from the Tarrant Appraisal District. The General Partner's failure to obtain the CHDO exemption from real estate taxes on or before the Investor Limited Partner contributes the Third Installment of its capital contribution and/or the failure of the General Partner to maintain the CHDO exemption from real estate taxes throughout the Compliance Period shall be grounds for removal of the General Partner pursuant to Section 7.7.

(xxiii) All of the representations and warranties set forth in the Closing Certificate are true and correct.
B. The General Partner agrees promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Admission Date; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partner is entitled to indemnification under Section 6.6.

A. The General Partner agrees to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership and the Limited Partners may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners' selection, but at the expense of the General Partner. Notwithstanding anything else set forth in this Agreement, this indemnification shall survive the withdrawal of any General Partner and/or the termination of this Agreement.

Section 6.6 Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof; provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

Section 6.7 Liability of General Partner to Limited Partners

A. No General Partner or Designated Affiliate (as defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of such General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in
good faith, determined that such course of conduct was in the best interests of the Partnership and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate or breach of this Agreement.

B. As used in Sections 6.6. and 6.7, a “Designated Affiliate” is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner or trustee, of any company for which such General Partner acts in any such capacity.

C. The General Partner shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partner’s or any Designated Affiliate’s negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

Section 6.8 Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. In addition to the foregoing, the General Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all Other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the General Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the General Partner as a cost incurred by it in fulfilling their guaranty under this Section 6.8C.
Section 6.9  Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending five (5) years after the Development Obligation Date, the General Partner agrees that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partner shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partner shall not be obligated to make Operating Expense Loans under this Section 6.9A to the extent that (i) the outstanding aggregate principal amount of such Operating Expense Loans would exceed $1,000,000 until the end of the third year after the Development Obligation Date; (ii) the outstanding principal amount of such Operating Expense Loans would exceed $600,000 until the end of the fourth year after the Development Obligation Date and (iii) the outstanding principal amount of such Operating Expense Loans would exceed $300,000 until the end of the fifth year after the Development Obligation Date. Any such Operating Expense Loans shall not bear interest and be repayable only as provided in Article X.

B. The Partnership will establish an Operating Reserve in the amount of $250,000. It is expected that the Operating Reserve will be funded out of the proceeds of the Third or Fourth Installments of the Investor Limited Partner. If for any reason the Third and Fourth Installments are not sufficient to fully fund the Operating Reserve, the General Partner shall make a Special Capital Contribution to the Partnership to the extent necessary to fully fund the Operating Reserve. If an Operating Deficit exists, funds in the Operating Reserve may be used to pay such Operating Deficit with the Consent of the Investor Limited Partner. Any amounts so used will be deemed Operating Expense Loans under Section 6.9A above.

C. Commencing on the fifth anniversary of the Development Obligation Date, the General Partner shall be obligated to make working capital advances to the Partnership when and as needed, except that the General Partner shall not be obligated to make further advances under this Section 6.9C to the extent that the aggregate outstanding balance of such advances shall exceed $100,000. Advances made pursuant to this Section 6.9C shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

D. In addition to the obligations set forth in 6.9A, 6.9B and 6.9C, the General Partner agrees that if at any time during the Compliance Period the Partnership is required to pay real estate taxes and as a result an operating deficit exists, then the General Partner shall furnish to the Partnership the funds required to pay such operating deficit, up to the amount of the real estate taxes. Amounts so furnished by the General Partner shall be deemed Special Capital Contributions.

Section 6.10  Certain Payments to the General Partner and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for
Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partner or its Affiliates of obtaining such goods or services; and

(ii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partner or its Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partner nor any of its Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Agency out of the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction Contract.

Section 6.11 Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

ARTICLE VII

WITHDRAWAL AND REMOVAL OF A GENERAL PARTNER

Section 7.1 Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner and any Requisite Approvals. Notwithstanding the above, the Investor Limited Partner acknowledges that the GeneralPartner has pledged its interest to Bank of America, N.A., pursuant to the Collateral Assignment of General Partner Interest.
Section 7.2  Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner thereof.

Section 7.3  Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4  Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.4D or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner who withdraws voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all his other obligations and liabilities hereunder incurred or accrued prior to the date of his withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in his place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retires voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners and shall be approved by Consent of the Investor Limited Partner. Any other Retirement of a General Partner shall be governed by Section 7.7D.
Section 7.5  
**Designation of New General Partners**

The General Partner may, with the written consent of all Partners, at any time designate new General Partner(s), each with such Interest as a General Partner in the Partnership as the General Partner may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6  
**Amendment of Certificate; Approval of Certain Events**

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7  
**Removal of the General Partner**

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner and the Developer Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement;

(ii) the Developer is in default under the Development Agreement, which default is not cured within any applicable time periods;

(iii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;
(iv) an Event of Bankruptcy as to any General Partner, any Guarantor or the Partnership;

(v) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or

(vi) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner and the Developer Limited Partner in writing, of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a "Removal Notice" and the date of such Removal Notice being referred to herein as the "Removal Notice Date"). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7B above, the General Partner shall have twenty (20) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner's positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner.
resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the amounts payable to the General Partner pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two (2) determinations. If the third (3rd) determination is either lower or higher than both of the other two (2) appraisers, then the average of all three (3) appraisers shall be the fair market value. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.
H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements, and (ii) the removed General Partner shall be liable for all costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner and any Partnership obligations not listed in the prior year’s financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the provisions of Section 5.1B as a result of any adjustments described in Section 5.1B, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise
of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner fails to comply with any of its obligations under this Section 7.7, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, legal fees and expenses, shall be paid by the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner designates a Person as a successor General Partner under Section 7.7J, such Person shall be deemed to be a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, its interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7J, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.

ARTICLE VIII
TRANSFER OF LIMITED PARTNER INTERESTS

Section 8.1 Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest to an Affiliate of such Limited Partner and to substitute its Affiliate assignee in its place as a Substitute Limited Partner without the written consent of the General Partner. Any other assignment by a Limited Partner of its Interest shall require the prior, written consent of the General Partner.
B. The General Partner, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of membership interest in the Investor Limited Partner, the General Partner agrees to make such changes to this Agreement and the Related Agreements as the Investor Limited Partner may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

Section 8.2 Substitute Limited Partners

The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.

Section 8.3 Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner’s Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.
E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

ARTICLE IX

LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION

Section 9.1 General

A. The Partnership shall be authorized to obtain the Mortgage Loan to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loan.

B. The General Partner is specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans pursuant to Section 6.9.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partner and the Developer shall have performed fully their obligations to furnish funds pursuant to Sections 6.8 and 6.9 hereof and pursuant to the Development Agreement, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes a borrowing permitted by Sections 6.8 or 6.9 or pursuant to the Development Agreement and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

Section 9.2 Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the
Project in such a manner as to qualify as a "qualified low-income housing project" under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3 Sales Commissions

Upon the sale of the Property by the Partnership, no Person may pay to any Person real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partner.

ARTICLE X

PROFITS, LOSSES AND DISTRIBUTIONS

Section 10.1 Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partner for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8C hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Asset Management Fee to the Investor Limited Partner, with any balance used to pay any Deferred Development Fee and (iii) Cash Flow for each fiscal year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to pay the Asset Management Fee to the Investor Limited Partner;

Second, to the payment of amounts necessary to maintain and/or replenish the Operating Reserve as set forth in Section 6.9B up to an amount equal to $250,000;

Third, to the payment of any Deferred Development Fee and any accrued interest thereon;

Fourth, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fifth, ten percent (10%) of any balance shall be distributed to the Investor Limited Partner and ninety percent (90%) of any balance shall be used as follows: first, as payment of the Incentive Management Fee until such fee is paid in full for such fiscal year and any balance shall be distributed equally to the General Partner and the Developer Limited Partner.

If the Partnership shall have unfunded operating deficits or if any Recapture Amount or Credit Reallocation Amount shall be then due and owing to the Investor Limited Partner, then the General Partner and its Affiliates shall not be entitled to any distributions, fees or loan repayments under this Section 10.1A and any amounts which would otherwise have been paid or distributed to the General Partner pursuant to this Section 10.1A shall be reduced by such
Recapture Amount or Credit Reallocation Amount and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1A shall be increased by such Recapture Amount or Credit Reallocation Amount.

B. **Distributions of Capital Transaction Proceeds**

Prior to dissolution, if the General Partner shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

*First*, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

*Second*, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);

*Third*, to the payment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

*Fourth*, to the Investor Limited Partner an amount equal to 200% of any unpaid amount of the Asset Management Fee;

*Fifth*, to the repayment of any outstanding Deferred Development Amount [and any accrued interest thereon];

*Sixth*, to the Investor Limited Partner an amount equal to (a) 200% of the excess of the Recapture Amount determined under Section 10.5 over the sum of all Cash Flow distributions theretofore made to the Investor Limited Partner to effect payment of Recapture Amounts or Credit Reallocation Amount less (b) amounts previously paid to the Investor Limited Partner pursuant to this Clause Sixth;

*Seventh*, $10,000 to the Special Limited Partner; and

*Eighth*, the balance of such proceeds shall be distributed 20% to the Investor Limited Partner and 40% to the General Partner and 40% to the Developer Limited Partner.

C. **Sharing of Distributions**

All distributions to the respective classes of the Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

**Section 10.2 Distributions Upon Dissolution**

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be
distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. In the event that a General Partner has a negative balance in his Capital Account following the liquidation of the Partnership or his Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in his Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partner with the Consent of the Investor Limited Partner.

Section 10.3 Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article, for each fiscal year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partner and 99.99% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and
Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Third, Fourth, Sixth, Seventh and Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided, however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners’ balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Clauses Third, Fourth, Sixth, Seventh and Eighth of Section 10.1B; and

Third, the balance, if any, of such losses shall be allocated 0.01% to the General Partner and 99.99% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partner; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partner, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C. shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any fiscal year, then the allocation of profits and losses under Section 10.3A for such fiscal year shall be adjusted as follows: first, the General Partner shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partner under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses
shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3A and 10.3B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner’s Capital Account to exceed such Limited Partner’s share of Partnership Minimum Gain plus such Limited Partner’s share of Partner Nonrecourse Debt Minimum Gain. Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner’s Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.6B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4 Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.
C. If a Limited Partner unexpectedly receives (1) an allocation of loss or deduction or expenditures described in Section 705(a)(2)(B) of the Code made pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as a result of a distribution by the Partnership of unrealized receivables or inventory items or (2) a distribution, and such allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5 Recapture Amount

A. If at any time during the Compliance Period, the Project ceases to be a "qualified low income housing project" (as defined in Section 42(g)(1) of the Code) or any Low-Income Unit ceases to be a "low income unit" (as defined in Section 42(i)(3) of the Code), and as a result thereof all or any portion of credits allowed to the Partnership and its Partners under Section 42 of the Code are subject to recapture pursuant to Section 42(j) of the Code (such an occurrence being referred to herein as a "Recapture Event"), the Investor Limited Partner shall become entitled to additional cash distributions equal to the "Recapture Amount".

B. The Recapture Amount is an amount that, after deduction of all federal income taxes payable by the Investor Limited Partner (or its partners) as computed under Section 10.5D below, is equal to the sum of (i) the "credit recapture amount" allocable to the Investor Limited Partner as defined in Section 42(j) of the Code plus (ii) the amount of credits allocable to the Investor Limited Partner which are disallowed in the year of the Recapture Event and in each subsequent year. Notwithstanding the foregoing, however, the Recapture Amount attributable to an event which also results in a reduction of the Capital Contribution of the Investor Limited Partner pursuant to Section 5.1B shall be zero if such reduction is actually effected by reduction of subsequent Installments or payments by the General Partner pursuant to Section 5.1B.

C. Any Recapture Amount distributable to the Investor Limited Partner pursuant to the foregoing provisions shall be distributed as funds become available for such distributions, but such distributions shall not be made prior to (i) in the case of the "credit recapture amount," the year of the Recapture Event and (ii) in the case of any credits disallowed with respect to any year subsequent to the Recapture Event, in each such subsequent year.

D. Determination of the Recapture Amount shall be made on the assumption that receipt or accrual by each partner of the Investor Limited Partner of any amounts distributable to such partner under Section 10.5C above will currently be subject to United States federal income tax at the highest marginal rate applicable to corporations for the year(s) in question (giving effect to the application of the alternative minimum tax).

E. All computations required under this Section 10.5 shall be made reasonably by the Investor Limited Partner, and the results of such computations, together with a statement
describing in reasonable detail the manner in which such computations were made, shall be delivered to the Managing General Partner in writing. Within fifteen (15) days following receipt of such computation, the Managing General Partner may request that the Accountants determine whether such computations are reasonable and are not erroneous. If the Accountants determine that such computations are unreasonable or contain errors, then the Accountants shall determine what they believe to be the appropriate computations. If the Investor Limited Partner does not agree with the determination of the Accountants, then another accounting firm other than the Accountants to be selected jointly by the Investor Limited Partner and the Managing General Partner or, if they cannot agree, by the American Arbitration Association, from among the ten largest national accounting firms, shall make such computations. The computations of the Investor Limited Partner, the Accountants, or the other accounting firm so selected, whichever is applicable, shall be final, binding and conclusive upon the parties. All fees and expenses payable to an accounting firm other than the Accountants under this paragraph shall be borne solely by the Managing General Partner. All fees and expenses payable to the American Arbitration Association shall be borne equally by the General Partner and the Investor Limited Partner.

F. In the event that a claim is made by the Service which, if successful, would result in the determination that a Recapture Event has occurred, the Investor Limited Partner hereby agrees to take such action in connection with contesting such claim as the Managing General Partner shall reasonably request in writing from time to time; provided that: (i) within thirty (30) days after receiving notice of such claim, the Managing General Partner shall request that such claim be contested; (ii) the Investor Limited Partner shall not enter into a settlement or compromise with the Service with respect to, or shall otherwise concede, any claim which the Managing General Partner has requested be contested without the prior written consent of the Managing General Partner, which shall not be unreasonably withheld or delayed; and (iii) notwithstanding the foregoing, the Investor Limited Partner, in its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Service and pay (or cause its partners to pay) the tax claimed and sue for a refund in the appropriate United States District Court and/or the Court of Federal Claims, considering, however, in good faith such request as the Managing General Partner shall make concerning the most appropriate forum in which to proceed, in which event the Managing General Partner shall, if the Managing General Partner desires, contest such claim in the United States District Court or the Court of Federal Claims. The Investor Limited Partner agrees to notify the Managing General Partner in writing of any such claim and agrees not to make payment of the tax for at least thirty (30) days after giving such notice and agrees to give the Managing General Partner any information that is relevant and material to contest such claim and to cooperate in all reasonable respects with the Managing General Partner in good faith in order to contest any such claim effectively. The Managing General Partner and its counsel shall maintain confidentiality with respect to all such information insofar as is possible, consistent with the conduct of a contest hereunder. All reasonable legal and accounting fees and other third party costs and expenses incurred by the Investor Limited Partner or its partners in contesting a claim or with respect to such litigation shall be borne by the Managing General Partner.

G. If any claim referred to above shall be made by the Service and the Managing General Partner shall have reasonably requested the Investor Limited Partner or its partners to contest such claim as above provided and shall have duly complied with all of the terms of the foregoing provisions, the Recapture Amount as a consequence of such claim shall become fixed
upon the Final Determination of the liability of the Investor Limited Partner or its partners for the tax claimed and after giving effect to any refund obtained, together with interest thereon; but in all other cases the Recapture Amount shall become fixed at the time the Investor Limited Partner or its partners agree to the adjustments relating to such claim.

Section 10.6 Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partner shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.
F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

1. Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

2. Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

3. Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.

4. Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

5. Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

6. Capital Accounts shall be increased by allocations of profits under Section 10.3A.

7. Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

8. Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

9. Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner’s proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.99% interest in profits of the Partnership and the General Partner shall be deemed to have a 0.01% interest in profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners’ Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any fiscal year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partner may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4).

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.
J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

ARTICLE XI

MANAGEMENT AGENT

Section 11.1 Management Agent

The General Partner shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and the Developer Limited Partner and each Lender and Agency to manage the Project in accordance with the requirements of each Lender and Agency. The General Partner shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner. The initial Management Agent shall be Alpha-Barnes Residential Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm’s-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 4.5% of gross rental income or the maximum amount permitted by any relevant Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable governmental agency or department or unless such violation is being validly contested by the General Partner by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partner is diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a “qualified low-income housing project” under Section 42(g) of the Code or any of the Low Income Units in the Project ceases to qualify as a “low income unit” under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred,

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,
then the General Partner shall forthwith give to the Special Limited Partner notice of such event (a “Management Default Notice”), and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partner shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2 Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION, ETC

Section 12.1 Books, Records and Reporting

A. The General Partner shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership’s business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership’s federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each fiscal year of the Partnership. The General Partner shall prepare a balance sheet as of the end of each such year.
and statements of income, partners’ equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partner shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement under which such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partner, reviewed by the Accountants and furnished to the Investor Limited Partner. In connection with the audited financial statements for the year in which the Development Obligation Date occurred, the Accountants shall attach to the financial statements the determination letter in the form attached hereto as Exhibit J. The General Partner shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each fiscal year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partner shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partner shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within forty-five (45) days after the end of such fiscal year. The General Partner shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partner fails to complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner within such time periods, shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership’s fiscal year, the General Partner shall pay as damages the sum of $500 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Investor Limited Partner until such Schedule K-1, balance sheet and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partner and failure to so pay shall constitute a default of the General Partner under Section 6.3C. In addition, if the General Partner fails to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partner and its Affiliates shall forthwith cease to be entitled to the Incentive Management Fee and any Cash Flow. Such payments of the Incentive Management Fee and Cash Flow shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Incentive Management Fee and Cash Flow otherwise due to the General Partner or its Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.
C. If the General Partner fails to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partner shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partner shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each fiscal year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such fiscal year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any governmental entity, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the governmental entity and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partner shall provide the Investor Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the
Partnership by any Agency or Lender promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the General Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partner and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partner shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current fiscal year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the credit period with respect to the Project, the General Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.

Section 12.2 Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partner shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3 Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and five (5) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partner in such manner as it considers to be most advantageous to the Limited Partners.
Section 12.4 Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5 Fiscal Year

The fiscal year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

GENERAL PROVISIONS

Section 13.1 Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telex or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, and if to a Partner, at its address set forth in the Schedule, with copies to Lend Lease, 101 Arch Street, Boston, MA 02110, Attention: Investor Services Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; and Coats, Rose, Yale, Ryman & Lee, 800 First City Tower, 1001 Fannin, Houston, Texas 77002, Attention: Barry Palmer, Esq.

Section 13.2 Word Meanings

The words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to “Sections” or “Articles” are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.
Section 13.3 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

Section 13.4 Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5 Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6 Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7 Separability of Provisions; Rights and Remedies

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.
D. Each Partner and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Tarrant County Texas or the courts of the United States located in Fort Worth, Texas;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8 Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partner shall select a permitted admission date which is most favorable to the Partner.

Section 13.9 Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the Filing Office, the General Partner shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10 Additional Information

At the request of the Investor Limited Partner, the General Partner shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11 Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.
Section 13.12 Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partner shall indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partner or its Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partner or any of its Affiliates. Fees payable to Lend Lease are not covered hereby.

Section 13.13 Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner and the Special Limited Partner. All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above.

Section 13.14 Requirements of the Lender and the Agency

A. For as long as any Mortgage from the Partnership held by the Lender shall be outstanding:

   (i) Each of the provisions of this Agreement shall be subject to, and the General Partners covenant to act in accordance with the Regulations and Bond Loan, but in no event shall any Partner be personally liable for the performance of this covenant;

   (ii) The Regulations and Bond Loan shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns, but only to the extent expressly provided therein;

   (iii) Any Partner hereafter shall, as a condition of receiving an interest in the Partnership Property, agree to be bound by the Bond Loan and other documents required in connection with the Bond Loan to the same extent and on the same terms as the other parties;

   (iv) Upon any dissolution of the Partnership or any transfer of the Property, no title to or right to the possession and control of the Property, and no right to collect the rent therefrom shall pass to any Person who is not or does not become bound by the Bond Loan (including, without limitation, the Regulatory Agreement) in a manner satisfactory to the Lender.

   (v) No amendment of this Agreement which would affect the rights of the Lenders under any of the documents referred to in this Section 13.14 shall be made without the prior written consent of the Lender;

   (vi) Any other provisions of this Agreement to the contrary notwithstanding, if any provisions of this Agreement shall be in conflict with any provision of the Bond Loan Documents, the provisions of the Bond Loan Documents shall control;
(vii) No distributions (as that term is defined in the Regulatory Agreement) shall be made except as permitted by the terms of the Regulatory Agreement;

(viii) Any other provisions of this Agreement to be the contrary notwithstanding, fees for services payable to the Developer pursuant to the Development Agreement shall be payable only out of Capital Contributions or Cash Flow;

(ix) The Partnership shall not be voluntarily dissolved without the prior written consent of the Lender; and

(x) The provisions of this Section 13.14 shall not be deleted, amended or modified without the prior written consent of the Lender.

B. In the event the Partnership elects to (a) pay off any loan that has been insured or coinsured and (b) refinance the Property with the proceeds of a new loan from a lender to be insured or coinsured, this provision shall remain operative unless modified at the request of said secretary or such lender.

Section 13.15 Requirements for Bonds

A. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bonds shall be outstanding, the Partnership shall not, and the General Partner shall have no authority in respect of the Partnership or the Project to, perform any act or permit any act to be taken on its behalf which:

(i) is contrary to or would result in a breach or violation of or a default under any requirement, covenant or other obligation of the Partnership set forth in any Bond Document; or

(ii) would adversely affect the exemption from taxation under the Code of the interest paid on the Bonds;

B. Notwithstanding any other provision in this Agreement to the contrary, for so long as any Bonds shall be outstanding:

(i) Each of the provisions of this Agreement shall be subject to, and the Managing General Partner covenants to act in accordance with, the Bond Documents but in no event shall any Partner be personally liable for the performance of this covenant.

(ii) No amendment of this Agreement which would affect the rights of any party to any Bond Document (other than the Partnership) shall be made without the prior written consent of such party and without prior compliance with the conditions for amending such bond Document;

(iii) If any provision of this Agreement shall be in conflict with any provision of any Bond Document, such conflicting provision of this Agreement shall be suspended and the provisions of the Bond Document shall control;
(iv) No part of the Project will be sold or otherwise disposed of or leased and no change in the use of the Project shall be made, except in accordance with the terms and conditions of the Bond Documents;

(v) The Partnership shall not change or permit any change in its identity or ownership (except for admitting additional limited partners or as contemplated by Sections 6.3C, 8.1 and 7.7 of the Partnership Agreement), undertake any other obligations, directly or indirectly, or take or permit any other actions which would impair or prevent performance of its obligations, except as permitted thereby, without obtaining the requisite approvals under the Bond Documents;

(vi) To the extent reasonably possible, the Partners shall take all actions necessary to amend this Agreement to comply with any amendments to the Code or the Treasury Regulations effective retroactive to the date of such changes that are applicable to the exemptions of federal taxation under the Code of the interest paid on the Bonds; and

(vii) The provisions of this Section 13.15 shall not be deleted, amended or modified without the prior written consent of the parties to the Bond Documents.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER:
MAEDC-HULEN BEND GP, LLC a Texas limited liability company, as general partner, by Maple Avenue Economic Development Corporation of Dallas, its managing member.

By: 

INVESTOR LIMITED PARTNER:
LEND LEASE HULEN BEND, LLC, a Delaware limited liability company, by its manager, WEST CEDAR MANAGING, INC., a Massachusetts corporation

By: Marie Keutmann, Vice-President

DEVELOPER LIMITED PARTNER
ABBY-TAC TEXAS, a Texas joint venture

By: ABBY DEVELOPMENT, L.L.C., joint venturer

By: TEXAS AFFORDABLE COMMUNITIES, L.L.C., joint venturer

SPECIAL LIMITED PARTNER:
SLP, INC., a Massachusetts corporation

By: Marie Keutmann, Vice-President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: MAEDC-HULEN BEND GP, LLC a Texas limited liability company, as general partner, by Maple Avenue Economic Development Corporation of Dallas, its managing member

By: Monique S. Allen

INVESTOR LIMITED PARTNER: LEND LEASE HULEN BEND, LLC, a Delaware limited liability company, by its manager, WEST CEDAR MANAGING, INC., a Massachusetts corporation

By: Marie Keutmann, Vice-President

DEVELOPER LIMITED PARTNER: ABBY-TAC TEXAS, a Texas joint venture

By: ABBY DEVELOPMENT, L.L.C., joint venturer

By: TEXAS AFFORDABLE COMMUNITIES, L.L.C., joint venturer

SPECIAL LIMITED PARTNER: SLP, INC., a Massachusetts corporation

By: Marie Keutmann, Vice-President
ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

DEVELOPER:
(For Purpose of Section 7.7)

By: [Signatures]

ABBY-TAC TEXAS, a Texas joint venture

By: [Signatures]

ABBY DEVELOPMENT, L.L.C., joint venturer

By: [Signatures]

TEXAS AFFORDABLE COMMUNITIES, L.L.C., joint venturer
**Schedule A**

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

**SCHEDULE OF PARTNERS**

As of November 14, 2002

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
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<td><strong>GENERAL PARTNER:</strong></td>
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<tr>
<td>MAEDC-Hulen Bend GP, LLC</td>
<td>$100</td>
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<td>7017 Chipperton, Suite 100</td>
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<tr>
<td>Dallas, Texas 75225</td>
<td></td>
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<tr>
<td>(214) 361-9602 (Telephone No.)</td>
<td></td>
<td></td>
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<tr>
<td>(214) 236-3701</td>
<td></td>
<td></td>
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<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
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<td>SLP, Inc.</td>
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<tr>
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</tr>
<tr>
<td>(617) 439-3911 (Telephone No.)</td>
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</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
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<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
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<tr>
<td>Lend Lease Hulen Bend, LLC</td>
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<tr>
<td><strong>DEVELOPER LIMITED PARTNER</strong></td>
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<tr>
<td>(214) 526-0426 (Fax No.)</td>
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*Payable in accordance with the terms and conditions of Article V.*
Exhibit B

Conditions Precedent to Funding of Second Installment

The Second Installment in the amount of $2,488,900 shall be paid upon the satisfaction of all conditions set forth below:

A.  Lend Lease Investment Committee Approval.

B.  Final approval of the Management Agent by Lend Lease.

C.  Receipt of a Market Study reasonably acceptable to the Investor Limited Partner showing a projected Debt Service Coverage Ratio of 113%.

D.  The Investor Limited Partner shall have received and reviewed the following documents and decided, in its sole and reasonable discretion, that no outstanding issues exist which would prevent the funding of the Second Installment:

   (viii) Executed copy of the First Amended and Restated Agreement of Limited Partnership of the Partnership

   (ix) Executed Closing Certificate

   (x) Executed Guaranty Agreement

   (xi) Executed Incentive Management Agreement

   (xii) Final Copies of the Bond Loan Documents including an executed Funding Agreement

   (xiii) Executed Commitment from Bank of America, N.A.

   (xiv) Executed copies of the Bridge Loan Documents

   (xv) Executed Opinion of Partnership Counsel

   (xvi) Bond Inducement Resolution

   (xvii) Executed Opinion of Bond Counsel

   (xviii) IRS Form 8038 (Volume Cap Allocation)

   (xix) Final version of Private Placement Memorandum

   (xx) Acknowledged 42(m) letter, if available

   (xxi) Form of LURA
(xxii) Revised commitment for Owner's Title Policy, revised ALTA Survey and revised surveyor's certification

(xxiii) Phase I Environmental Site Assessment (and other ESA's if any)

(xxiv) Environmental reliance letter addressed to Lend Lease Real Estate Investments, Inc. and its affiliated Entities

(xxv) Geotechnical Soils Report and Reliance Letter

(xxvi) Deed to Partnership

(xxvii) Purchase and Sale Agreement and any Assignment and Assumption Agreements

(xxviii) Settlement Statement

(xxix) Executed Construction Contract

( xxx) Payment and Performance Bonds

( xxxi) Insurance Certificates in accordance with the requirements set forth in Exhibit C for:

(a) Contractor's Liability Insurance

(b) Evidence of Builder's Risk

(c) Partnership General Liability Insurance

(d) Evidence of Worker's Compensation Insurance

(e) Management Agent Insurance

( xxxii) Architect's Agreement, assigned from Developer to Partnership

( xxxiii) Architect's Certificate

( xxxiv) Management Agreement and Addendum to Management Agreement

( xxxv) Management Plan

( xxxvi) Appraisal

( xxxvii) Building Permits

( xxxviii) General Partner Documents:
(a) Balance Sheet and Income/Expense Statement dated no earlier than 90 days prior to closing

(b) Resolutions

(xxxix) Developer Documents:

(a) Resolutions

(b) Joint Venture Agreement

(c) Certificate of Good Standing (if available for a Texas joint venture)

(xl) Guarantor Documents:

(a) If Lend Lease has received all necessary financial information, no further documents will be needed.

(xli) Partnership Documents:

(a) Certificate of Legal Existence

(b) Partnership Balance Sheet
Exhibit C

Insurance Requirements

(i) The General Partner shall cause the Partnership to maintain the following insurance types and coverages:

(1) "all risk" builders risk insurance satisfactory to the Special Limited Partner covering all property to be incorporated into the completed Project, whether under construction, stored on or off the Land or in transit, in an amount of not less than the full completed value of the Project (including architectural fees). Such insurance shall be written on a completed value form, may be subject to a per loss deductible not to exceed $10,000 and shall be specifically endorsed to provide coverage for the cost of any total or partial demolition of the Project required by law. Additional coverages shall be provided as follows for Projects located as set forth below:

   (a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as determined by independent engineers retained by the Special Limited Partner; or

   (b) if the Project is located within ten miles off the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project’s total insured value;

the insurance described in this subparagraph (1) shall remain in force for the benefit of the Partnership until the Completion Date shall have occurred and the insurance coverage described in subsection (iv) below shall be in place;

(2) commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate; and

(3) excess or umbrella liability insurance in an amount of not less than $5,000,000 (combined single limit), the terms of which shall follow the form of a general liability coverage specified in subparagraph (2) above.

(ii) The General Partner shall cause the Builder to obtain and maintain the following insurance types and coverages:

(1) commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit), $2,000,000 general policy
aggregate and $1,000,000 product-completed operations aggregate. Such aggregate amounts of insurance shall apply separately to the Project. The Builder's commercial liability insurance shall apply as primary insurance with respect to any other insurance maintained by the Partnership and shall specifically name the Partnership and the Investor as additional insureds;

(2) contractors professional liability in an amount of not less than $1,000,000 in the aggregate;

(3) comprehensive automobile insurance in an amount of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate covering liability arising out of any owned, non-owned or hired vehicle utilized by the Builder in conjunction with the Project;

(4) workers compensation insurance providing statutory benefits to all employees of the Builder and employer's liability coverage in an amount of not less than $500,000; and

(5) excess or umbrella liability in an amount of not less than $5,000,000 (combined single limit) which follows the form of all underlying liability insurance (excepting contractors professional liability) maintained by the Builder pursuant to this Agreement.

(iii) The General Partner shall use its best efforts to assure that the Builder shall cause each of its subcontractors to purchase and maintain insurance of the types specified in subparagraph (ii) above. The General Partner shall obtain from the Builder copies of certificates of insurance evidencing such coverage for each such subcontractor.

(iv) Commencing on the Completion Date and at all times thereafter, the General Partner shall cause the Partnership to maintain the following insurance types and coverages:

(1) "all risk" property insurance in an amount of not less than the minimum amount required by any Lender, or the full replacement cost of all real and personal property, whichever is greater. Such contract of insurance shall include loss of rents coverage in an amount of not less than the Project's currently projected annual gross rent, an agreed amount endorsement covering all property and rental values and a standard building laws endorsement, including coverage for building ordinance compliance, demolition and increased cost of construction, and shall be subject to a per loss deductible not to exceed $10,000. Additional coverages shall be provided as follows for Projects located as set forth below;

(a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as
determined by independent engineers retained by the Special Limited Partner; or

(b) if the Project is located within ten miles of the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project's total insured value; and

(c) if the Project is located within a one hundred (100)-year flood plain (FEMA Flood Zone “A” - or any subdesignation of Zone “A”), National Flood Insurance Plan (NFIP) coverage is required with a deductible no greater than $500 per building. This coverage shall be obtained in addition to the “all risk” property insurance described in subparagraph (1) above.

(2) commercial general liability insurance, issued in the name of the Partnership, in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate;

(3) workers compensation insurance providing statutory benefits for all employees of the Partnership, and employer's liability insurance for the benefit of the Partnership in an amount of not less than $1,000,000;

(4) obtain and maintain a contract of comprehensive automobile insurance, including non-owned automobile liability, for the benefit of the Partnership in an amount not less than $1,000,000 (combined single limit); and

(5) obtain and maintain a contract of excess or umbrella liability insurance in an amount not less than $5,000,000 (combined single limit), which follows the form of all underlying liability contracts and is issued in the name of the Partnership.

(v) The General Partner shall cause the Management Agreement to require that the Management Agent obtain and maintain at all times with respect to the Project the insurance coverage as required in clauses (i) - (iv) above, to the extent that the General Partner has not arranged for such coverage and to require that the Management Agent maintain:

(1) a policy of commercial general liability insurance in amounts not less than $1,000,000 per occurrence and $2,000,000 in the aggregate which shall name the Partnership as an additional insured;

(2) worker's compensation coverage for that company's employees;

(3) a fidelity bond in an amount not less than six (6) months of Project gross rental receipts;
(4) comprehensive automobile liability insurance (where applicable) in an amount not less than $1,000,000 (combined single limit); and

(5) property manager's professional errors and omissions insurance in an amount not less than $1,000,000 (the Management Agent shall provide the General Partner with evidence of the required coverage in the form of current certificates of insurance for as long as the Management Agreement shall remain in force).

All of the insurance policies required by this Exhibit C shall (a) be written by insurance companies holding a Standard & Poor's claims paying ability rating of A or better, and which are licensed to do business in the State where the Project is located, (b) specifically identify the Investor Limited Partner as a named insured and (c) include a provision requiring the insurance company to notify the Investor Limited Partner in writing no less than thirty (30) days prior to any cancellation, non-renewal or material change in the terms and conditions of coverage. In addition, the General Partner shall provide the Investor Limited Partner with certified copies of all insurance contracts required by this Section 6.4A within thirty (30) days of their inception and subsequent renewals.

The General Partner shall review regularly all of the Partnership and Project insurance coverage to insure that it is adequate. In particular, the General Partner shall review at least annually the insurance coverage required hereunder to insure that it is in an amount at least equal to the then current full replacement value of the Improvements.

Without limitation of the foregoing, the General Partner shall deliver to the Investor Limited Partner on or before the date of Investment Closing one or more certificates or memoranda of insurance, in form reasonably acceptable to the Investor Limited Partner, evidencing, (i) the existence of the insurance policies and coverages specified above, (ii) that the Partnership and its Partners (including the Investor Limited Partner and Special Limited Partner) are named insureds on such policies, and (iii) that such insurance policies will not be cancelled by the insurers except within thirty (30) days' written notice to the Investor Limited Partner. From time to time following Investment Closing, the General Partner shall deliver to the Investor Limited Partner such further certificates or memoranda of insurance as the Investor Limited Partner may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with.
Exhibit D

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to Lend Lease Hulen Bend, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 14, 2002 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $2,488,900 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. All conditions precedent to the funding of the Second Installment set forth in Exhibit B have been achieved in a manner satisfactory to the Investor Limited Partner.

4. All items of due diligence listed on Exhibit B have been reviewed and approved by the Investor Limited Partner.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
________, 20__. 

MAEDC-HULEN BEND GP, LLC a Texas limited liability company

By: __________________________
Exhibit F

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to Lend Lease Hulen Bend, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 14, 2002 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $401,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. All of the conditions to Final Closing have been satisfied.

4. The Accountants have determined the amount of the Annual Credit and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 

________________, 20__. 

MAEDC-HULEN BEND GP, LLC, a Texas limited liability company 

By: ________________________________
Exhibit E

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to Lend Lease Hulen Bend, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 14, 2002 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $717,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of September, 2002.

MAEDC-HULEN BEND GP, LLC, a Texas limited liability company

By: ____________________________
DETERMINATION OF TAX CREDIT

Lend Lease Hulen Bend, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Lend Lease Asset Management

Re: MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of November 14, 2002 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Hulen Bend Senior Apartments (an apartment complex located in Fort Worth, Texas, referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through ___ , 20__ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Annual Credit properly allocable to the Investor Limited Partner will be approximately $_______.

We have further determined that 50% or more of the aggregate basis of the buildings and the land on which the buildings are located is financed by an obligation, the interest on which is exempt from tax under Section 103 of the Code and which is within the State’s volume cap as provided in Section 146 of the Code.
Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.

In making these determinations, we have assumed that 100% of the apartment units in the Project will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit G

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to Lend Lease Hulen Bend, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 14, 2002 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $401,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 115% for each of three (3) consecutive months, as evidenced by the determination letter attached hereto as Attachment A.

4. The Partnership has received properly executed Forms 8609 from the Credit Agency with respect to each building which comprises the Project.

5. The Partnership has received evidence that the Project has been granted a CHDO exemption by the Tarrant Appraisal District.

6. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

7. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

8. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

9. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

10. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.
Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of September, 2002.

MAEDC-HULEN BEND, LLC, a Texas limited liability company

By: ________________________________
Lend Lease Hulen Bend, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Lend Lease Asset Management

Re: MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of November 14, 2002 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Hulen Bend Senior Apartments (an apartment complex located in Forth Worth, Texas referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the [six (6) months] ended __________, 20__.

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of three (3) calendar months (and during each individual month) beginning on __________ 20__, (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of 120%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: __________________________
Exhibit I

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partner (the “General Partner”) of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to Lend Lease Hulen Bend, LLC (the “Investor Limited Partner”), pursuant to the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of November 14, 2002 (the “Partnership Agreement”), that:

1. The first anniversary of the Completion Date occurred on ____________.

2. Breakeven occurred on ____________, as evidenced by the determination letter attached hereto as Attachment A.

3. Final Closing occurred on ____________.

4. The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____________, 20__.

MAEDC-HULEN BEND GP, LLC, a Texas limited liability company

By: ____________________________
Lend Lease Hulen Bend, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Lend Lease Asset Management

Re: MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of November 14, 2002 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Hulen Bend Senior Apartments an apartment complex located in Fort Worth, Texas (referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the three (3) months ended _________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Project, for each of three (3) consecutive calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
EXHIBIT K

DOCUMENT SCHEDULE FOR
MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

List of Related Agreements:

1. Partnership Agreement
2. Development Agreement
3. Incentive Management Agreement
4. Investment Assumptions
5. Guaranty Agreement
6. Closing Certificate
7. Opinion of Local Counsel
8. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or definition date of Construction Loan closing, if later) in amount of $16,558,000 with Special Endorsements
9. Tax Credit Approval
10. Balance Sheet of Partnership (unaudited, dated as of closing date)
11. Financial Statements of [General Partner] (audited or AICPA-reviewed, dated not earlier than ________)
12. Financial Statements of [Guarantors] (audited or AICPA-reviewed, dated not earlier than ________)
13. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement)
14. Evidence of Lender/Agency required consents satisfactory to the Investor Limited Partner.
15. Environmental Site Assessment satisfactory to the Investor Limited Partner.
17. Marketing Study satisfactory to the Investor Limited Partner.
EXHIBIT B

CERTIFICATE OF LIMITED PARTNERSHIP
CERTIFICATE OF FILING
OF
MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.
Filing Number: 800126861

The undersigned, as Secretary of State of Texas, hereby certifies that a certificate of limited partnership for the above named limited partnership has been received in this office and filed as provided by law on the date shown below.

Accordingly, the undersigned, as Secretary of State hereby issues this Certificate evidencing the filing in this office.

Dated: 09/24/2002
Effective: 09/24/2002

Gwyn Shea
Secretary of State
CERTIFICATE OF LIMITED PARTNERSHIP
OF
MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

The undersigned general partner, desiring to form a limited partnership (the "Partnership") pursuant to the Texas Revised Limited Partnership Act, Texas Revised Civil Statutes Annotated, article 6132a-1, hereby certifies as follows:

1. The name of the Partnership is MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

2. The address of the registered office of the Partnership and the name of the registered agent of the Partnership at that address for service of process are:

   Monique Allen
   7017 Chipperton, Suite 100
   Dallas, Texas 75225

3. The address of the principal office where records of the Partnership are kept or made available as required by Section 1.07 of the Texas Revised Limited Partnership Act is:

   7017 Chipperton, Suite 100
   Dallas, Texas 75225

4. The name, mailing address, and street address of the general partner of the Partnership is:

   MAEDC-Hulen Bend GP, LLC
   7017 Chipperton, Suite 100
   Dallas, Texas 75225

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Limited Partnership as of the 16th day of September, 2002.

MAEDC-Hulen Bend GP, LLC, general partner of MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.

By: Maple Avenue Economic Development Corporation
   of Dallas, a Texas non-profit corporation, its sole Member

Monique Allen, President
EXHIBIT C

TEXAS SECRETARY OF STATE CERTIFICATE OF BORROWER
The undersigned, as Secretary of State of Texas, does hereby certify that the document, Certificate of Limited Partnership for MAEDC-HULEN BEND SENIOR COMMUNITY, L.P. (filing number: 800126861), a Domestic Limited Partnership (LP), was filed in this office on September 24, 2002.

It is further certified that the entity status in Texas is active.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on October 09, 2002.
EXHIBIT D
ARTICLES OF ORGANIZATION OF LLC
REGULATIONS OF LLC
Office of the Secretary of State

CERTIFICATE OF ORGANIZATION

OF

MAEDC-HULEN BEND GP, LLC
Filing Number: 800126857

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Organization for the above named company have been received in this office and have been found to conform to law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Organization.

Issuance of this Certificate of Organization does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 09/24/2002
Effective: 09/24/2002

Gwyn Shea
Secretary of State
ARTICLES OF ORGANIZATION
OF
MAEDC-HULEN BEND GP, LLC

The undersigned organizer, being a natural person 18 years of age or older, in order to form a limited liability company under the Texas Limited Liability Company Act, Tex.Rev.Civ.Stat.Art. 1528n, hereby adopts the following Articles of Organization:

ARTICLE I
The name of the company is MAEDC-HULEN BEND GP, LLC.

ARTICLE II
The registered office of the company is located at 7017 Chipperton, Suite 100, Dallas, Texas 75225, and the name of the registered agent is Monique S. Allen.

ARTICLE III
The name and address of the organizer of this company is:

Michael W. Eaton, Esq.
Eaton, Deguero & Bishop
1111 West Mockingbird Lane
Suite 1150
Dallas, Texas 75247

ARTICLE IV
This Company shall be dissolved only upon the affirmative vote of a majority in interest of those members entitled to vote thereon. The period of duration of the Company shall be perpetual. Upon dissolution, all assets of the Company, net of then existing liabilities, shall be transferred to the sole member of the Company.

ARTICLE V
The Company is organized exclusively for the purpose of acting as the general partner of the Texas limited partnership known as MAEDC-Hulen Bend Senior Community, L.P., which will own and operate a seniors multifamily rental housing property located in Fort Worth, Texas. The project will be occupied primarily by persons and families of low and moderate income, and
in furtherance of that purpose, the Company is authorized to transact any or all lawful business for which limited liability companies may be organized.

ARTICLE VI

The sole member of the Company shall be:

Maple Avenue Economic Development Corporation of Dallas
7017 Chipperton, Suite 100
Dallas, Texas 75225

ARTICLE VII

Management of the Company is reserved to the manager. Any action required or permitted to be taken at a meeting of the managers not needing approval by the members may be taken by a written action signed by the number of managers that would be required to take such action at a meeting of the managers at which all managers were present.

The initial manager of the Company shall be the sole member:

Maple Avenue Economic Development Corporation of Dallas
7017 Chipperton, Suite 100
Dallas, Texas 75225

ARTICLE VIII

The members of the Company shall have the power to enter into a business continuation agreement.

ARTICLE IX

No member of this Company shall have cumulative voting rights.

ARTICLE X

Although the sole member, Maple Avenue Economic Development Corporation of Dallas is an organization determined to be exempt from taxation pursuant to Sec. 501(c)(3) of the Internal Revenue Code of 1986, as amended, the Company shall be operated as a for-profit entity. In furtherance of this provision, the Company shall elect to be taxed as a “C” corporation for federal income taxation purposes.
IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of September, 2002.

[Signature]

Michael W. Eaton
EXHIBIT E

TEXAS SECRETARY OF STATE CERTIFICATE OF CONTINUED EXISTENCE OF LLC

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE OF GOOD STANDING OF LLC
The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles of Organization for MAEDC-HULEN BEND GP, LLC (filing number: 800126837), a Domestic Limited Liability Company (LLC), was filed in this office on September 24, 2002.

It is further certified that the entity status in Texas is active.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on October 09, 2002.

Gwynn Shea
Secretary of State
November 12, 2002

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Carole Keeton Rylander, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office MAPLE AVENUE ECONOMIC DEVELOPMENT CORP OF DALLAS

is exempt from payment of franchise tax and consequently is in good standing with this office.

GIVEN UNDER MY HAND AND SEAL OF OFFICE in the City of Austin, this 12th day of November, 2002 A.D.

CAROLE KEETON RYLANDER
Comptroller of Public Accounts

Taxpayer number: 17518935329
File number: 0064770401
Form 05-303 (Rev.S-99/4)
EXHIBIT F
ARTICLES OF INCORPORATION OF MAEDC

BYLAWS OF MAEDC
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
MAPLE AVENUE ECONOMIC DEVELOPMENT
CORPORATION OF DALLAS

The undersigned incorporator, being a natural person 18 years of age or older in order to amend the Articles of Incorporation of the existing Texas Non Profit Corporation, hereby adopts the following Amended Articles of Incorporation:

ARTICLE I

The name of the corporation is MAPLE AVENUE ECONOMIC DEVELOPMENT CORPORATION OF DALLAS.

ARTICLE II

The Corporation is a non-profit corporation.

ARTICLE III

The period of its duration is perpetual.

ARTICLE IV

Said corporation is organized exclusively for charitable, religious, educational and scientific purposes, including for such purposes: (1) the making of distributions to organizations that qualify as exempt organizations under Section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal Tax Code; and (2) the fostering of low-income housing, consistent with the provisions of Internal Revenue Code Section 42(h)(5)(c) and Treasury Regulation 1.42-IT(c)(5)(ii), or the corresponding section of any future Federal Tax Code. Said Corporation is authorized to do business in Dallas, Tarrant, Denton, and Collin Counties, and such other and further places and locations as the Board may from time to time, determine and approve.

ARTICLE V

The street address of its Registered Office, and the name of its Registered Agent at this address, is as follows:

Monique S. Allen
7017 Chipperton, Suite 100
Dallas, Texas 75225
ARTICLE VI

The number of Directors shall be no less than eight and no more than twelve persons, and the Board as of the date of filing of these Amended Articles of Incorporation are:

Laura Trujillo Koster, SWA
Project Esperanza
5415 Maple Avenue, Suite 422
Dallas, TX 75235

John Yerskey
Hondo Garden Apartments
2544 Hondo
Dallas, TX 75219

Roel Ornelas
Main Street Program-Hispanic
Chamber of Commerce
4623 Maple Avenue
Dallas, TX 75219

Ray Quintanilla, Jr.
Sierra Partners
4739 Maple Avenue
Dallas, TX 75219

James E. Kuride
Strategic Planning Chair
Coalition to Improve State and Local Government-SIJPA
University of Texas @Arlington
Arlington, TX 76019

April West
Lincoln Property Management
KingsGate, 2929 Kings
Dallas, TX 75235

John A. Avila
Bank One, Texas N. A.
1881 Sylvan, Suite 222
Dallas, TX 75208

Alexander Savory
Finance Committee
Wells Fargo Bank, N.A.
1000 Louisiana, 4th Floor
Houston, Texas 77002

Krissi Tran Boulot
Dallas Police Department
Maple Avenue Storefront
4515 Maple Avenue
Dallas, TX 75219

ARTICLE VII

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof. No part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to
influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

ARTICLE VIII

Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code, or the corresponding provisions of any future Federal Tax Code, or (b) by a corporation, contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code, or the corresponding provisions of any future Federal Tax Code.

ARTICLE IX

Upon the dissolution of the Corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal Tax Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization(s), as said Court shall determine, which are organized and operated for such purposes.

ARTICLE X

The name and address of the person filing these Amended Articles of Incorporation is:

Michael W. Eaton
Law Offices of Michael W. Eaton
704 Oakwood Tower
3626 North Hall Street
Dallas, Texas 75219

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of October, 1999.

Michael W. Eaton
Assistant Secretary
ARTICLE ONE-CORPORATE CHARTER AND OFFICES

1.01 CORPORATE CHARTER PROVISIONS

Each provision of the Corporation's Charter shall be observed until amended by Restated Articles or Articles of Amendment duly filed with the Texas Secretary of State.

1.02 REGISTERED OFFICE AND AGENT

The address of the registered office provided in the Articles of Incorporation, as duly filed with the Texas Secretary of State, is: 7017 Chipperton, Suite 100, Dallas, Texas 75225

The name of the registered agent of the Corporation at such address, as set forth in its Amended and Restated Articles of Incorporation, is: Monique S. Allen 7017 Chipperton, Suite 100, Dallas, Texas 75225

The registered agent or office may be changed by filing a Statement of Change of Registered Agent or Office or Both with the Texas Secretary of State, and not otherwise. Such filing shall be made promptly with each change. Arrangements for each change in registered agent or office shall ensure that the Corporation is not exposed to the possibility of a default judgment. Each successive registered agent shall be of reliable character and well informed of the necessity of immediately furnishing the papers of any lawsuit against the Corporation to its attorneys.

1.03 BUSINESS OFFICE

The address of the initial principal office of the Corporation is hereby established as: 7017 Chipperton, Suite 100, Dallas, Texas 75225. The Corporation may have additional business offices within the State of Texas, and where it may be duly qualified to do business outside of Texas, as the Board of Directors may designate or the business of the Corporation may require.

1.04 AMENDMENT OF BYLAWS

The Board of Directors may alter, amend, or repeal these Bylaws, and adopt new Bylaws. All such Bylaw changes shall take effect upon adoption by the Directors. Notice of Bylaws changes shall be given in or before notice of the first Members' meeting following their adoption.

ARTICLE TWO- DIRECTORS AND DIRECTORS' MEETINGS

2.01 POWERS

The business and affairs of the Corporation and all corporate powers shall be exercised by or under authority of the Board of Directors, subject to the limitations imposed by law, the Articles of Incorporation, and these Bylaws.
2.02 VACANCIES

Vacancies on the Board of Directors shall exist upon: (a) the failure of the Members to elect the full authorized number of Directors to be voted for at any Member’s meeting at which any Director is to be elected; (b) a declaration of vacancy under Section 2.03(a) of these Bylaws; (c) an increase in the authorized number of Directors; or (d) the death, resignation, or removal of any Director.

2.02(a) DECLARATION OF A VACANCY

A majority of the Board of Directors may declare the office of a Director vacant if the Director is adjudged incompetent by a court; is convicted of a crime involving moral turpitude; or fails to accept the office of Director, either by a letter of acceptance or by attending a meeting of the Board of Directors within thirty (30) days of notice of election.

2.02(b) FILLING VACANCIES BY DIRECTORS

Vacancies other than those caused by an increase in the number of Directors shall be temporarily filled by majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until a successor is elected at a Member’s meeting. Vacancies reducing the number of Directors to less than three shall be filled before the transaction of any other business.

2.02(c) FILLING VACANCIES BY MEMBERS

Any vacancy on the Board of Directors, including those caused by an increase in the number of Directors, shall be filled by the Members at the next annual meeting or at a special meeting called for that purpose. Upon the resignation of a Director tendered to take effect at a future time, the Board or the Members may elect a successor to take office when the resignation becomes effective.

2.03 REMOVAL OF DIRECTORS

The entire Board of Directors or any individual Director may be removed from office by a vote of a majority of Members entitled to vote at an election of Directors. However, if less than the entire Board is to be removed, and the Members are given the right to cumulate votes in the Articles of Incorporation, no one of the Directors may be removed if the votes cast against his removal would be sufficient to elect him if then voted at an election of the entire Board of Directors. If any or all Directors are so removed, their replacements may be elected at the same meeting.

2.04 ACTION BY CONSENT OF BOARD WITHOUT MEETING
Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and shall have the same force and effect as a unanimous vote of Directors if all the Directors consent to the action in writing. Such consent may be given individually or collectively.

2.05 PLACE OF MEETINGS

Meetings of the Board of Directors shall be held at any place within or without the State of Texas as may be designated by the Board.

2.06 REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual Members' meeting, and at any other regularly repeating times as the Directors may designate.

2.07 SPECIAL MEETINGS

Special meetings of the Board of Directors for any purpose may be called at any time by the President or, if the President is absent or unable or refuses to act, by any Vice President or any two Directors. Written notice of the special meeting, stating the time and place of the meeting, shall be mailed ten (10) days before, or personally delivered so as to be received by each Director not later than two (2) days before, the day appointed for the meeting. The notice may include a tentative agenda, but the meeting shall not be confined to any agenda included with the notice, and none is required.

Upon providing notice, the Secretary or other officer sending notice shall sign and file in the Corporate Record Book a statement of the details of the notice given to each Director. If such statement should later not be found in the Corporate Record Book, due notice shall be presumed.

2.08 QUORUM

The presence throughout any Directors' meeting, or adjournment thereof, of a majority of the authorized number of Directors shall be necessary to constitute a quorum to transact any business, except to adjourn. If a quorum is present, every act done or resolution passed by a majority of the Directors present and voting shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws. Directors present by proxy shall not be counted toward a quorum.

2.09 ADJOURNMENT AND NOTICE OF ADJOURNED MEETINGS
A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent Directors if the time and place are fixed at the adjourned meeting. In the absence of a quorum, a majority of the Directors present may adjourn to a set time and place if notice is duly given to the absent members, or until the time of the next regular meeting of the Board.

2.10 CONDUCT OF MEETINGS

The President shall chair all meetings of the Board of Directors. In the President's absence, the Vice President or a Chairmen chosen by a majority of the Directors present shall preside. The Secretary of the Corporation shall act as Secretary of the Board of Directors' meetings. When the Secretary is absent from any meeting, the Chairman may appoint any person to act as Secretary of that meeting.

2.11 NUMBER OF DIRECTORS

The number of Directors of this Corporation shall be three, none of whom need be residents of Texas or Members. The number of Directors may be increased or decreased from time to time by amendment of these Bylaws. Any decrease in the total number of Directors shall not have the effect of reducing the total number of Directors below three, nor of shortening the tenure which any incumbent Director would otherwise enjoy.

2.12 TERM OF OFFICE

Directors shall be entitled to hold office until removed or their successors are elected and qualified. Election for all Director positions, vacant or not, shall occur at each annual Members' meeting and may be held at any special Members' meeting called specifically for that purpose.

2.13 COMPENSATION

Directors as such shall not receive salaries for their services, but by resolution of the Board of Directors a fixed sum plus expenses of attendance, if any, may be paid to Directors for attendance at each meeting of the Board. This policy does not preclude any Director from serving the Corporation in any other capacity and receiving compensation for such additional service.

2.14 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify all officers, Directors, employees, and agents to the extent required by law. The Board of Directors may, by separate resolution, provide for additional indemnification as allowed by law.

2.15 INSURING DIRECTORS, OFFICERS, AND EMPLOYEES
The Corporation may purchase and maintain insurance, or make any other arrangement, on behalf of any person as permitted by Article 2.22A(R) of the Texas Non-Profit Corporation Act, whether or not the Corporation has the power to indemnify that person against liability for any acts.

2.16 BOARD COMMITTEES-AUTHORITY TO APPOINT

The Board of Directors may designate one or more committees to conduct the business and affairs of the Corporation to the extent authorized. Each Board committee shall contain at least two (2) members, a majority of whom must be Directors. The Board shall have the power to change the powers and membership of, fill in vacancies in, and dissolve any committee at any time. Members of any committee shall receive such compensation as the Board of Directors may from time to time provide. The designation of any committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law. The Board may also elect or appoint Members' committees, but these committees shall not conduct the business of the Corporation.

2.17 PROXIES

A Director may vote in person or by proxy executed in writing. No proxy shall be valid after three months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable and otherwise irrevocable by law.

ARTICLE THREE-MEMBERS AND MEMBERS' MEETINGS

3.01 ADMISSION OF MEMBERS

Members shall be admitted by the Board of Directors. An affirmative vote of two-thirds of the Directors shall be required for admission. The Directors shall set, and may alter, qualifications and classes of membership. Membership is not transferable or assignable.

3.02 VOTING RIGHTS

Members of any class(es) entitled to vote shall have one vote on each matter submitted to a vote of the Members.

3.03 TERMINATION OF MEMBERSHIP

The Board of Directors, by two-thirds affirmative vote, may suspend or expel a Member for cause after notice and hearing and may, by a majority vote, terminate the membership of any Member who becomes ineligible for membership, or suspend or expel any Member who shall be in default in the payment of dues for the period fixed by the Directors.

3.04 REINSTATEMENT
Upon written request signed by a former Member and filed with the Secretary, the Board of Directors may, by two-thirds affirmative vote, reinstate such former Member on such terms as the Board of Directors may deem appropriate.

3.05 RESIGNATION

Any Member may resign by filing a written resignation with the Secretary, but such resignation shall not relieve the Member so resigning of the obligation to pay any dues, assessments, or other charges theretofore accrued and unpaid.

3.06 ANNUAL MEETINGS

The time, place, and date of the annual meeting of the Members of the Corporation, for the purpose of electing Directors and for the transaction of any other business as may come before the meeting, shall be set by a majority vote of the Board of Directors. If the day fixed for the annual meeting is a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of Directors is not held on the day thus designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as possible.

3.07 ACTION WITHOUT MEETING

Any action that may be taken at a meeting of the Members under any provision of the Texas Non-Profit Corporation Act may be taken without a meeting if authorized by a consent or waiver signed by all of the persons who would be entitled to vote on that action at a meeting and filed with the Secretary of the Corporation. Each such signed consent, or a true copy thereof, shall be placed in the Corporate Record Book.

3.08 PLACE OF MEETINGS

Members' meetings shall be held at any place within or without the State of Texas as may be designated by the written consent of all persons entitled to vote at a Members' meeting. Any meeting is valid wherever held if written consent to the meeting is given by all persons entitled to vote at the meeting.

3.09 TELEPHONE MEETINGS
Subject to the notice provisions required by these Bylaws and by the Texas Non-Profit Corporation Act, Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by which all persons participating can hear each other. Participation in such a meeting shall constitute presence in person at such meeting, except participation for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.10 FAILURE TO HOLD ANNUAL MEETING

If, within any thirteen (13) month period, an annual Members' Meeting is not held, any Member may demand, by registered mail to any officer, that the meeting be held within a reasonable time. If the meeting is not held within sixty (60) days of the demand, any Member may compel the meeting by legal action against the Board of Directors.

3.11 CONDUCT OF MEETINGS

Members' meetings shall be chaired by the President, or, in the President's absence, a Vice President or any other person chosen by a majority of the Members present in person or by proxy and entitled to vote. The Secretary of the Corporation, or, in the Secretary's absence, an Assistant Secretary, shall act as Secretary of the Members' meetings. In the absence of the Secretary or Assistant Secretary, the Chairman of the meeting shall appoint another person to act as Secretary of the meeting.

3.12 NOTICE OF MEETINGS

The officer or persons giving notice of a Members' meeting shall deliver written notice to each Director and to each Member entitled to vote at the meeting at least ten (10) but not more than fifty (50) days before the date of the meeting. Such notice shall state the place, day, and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called. The notice may be given personally, by mail, or by other means. The notice shall be addressed to each recipient at such address as appears in the Corporation's records or as the recipient has given to the Corporation for the purpose of notice. Meetings provided for in these Bylaws shall not be invalid for lack of notice if all persons entitled to notice consent to the meeting in writing or are present at the meeting in person or by proxy and do not object to the notice given. Consent may be given either before or after the meeting. Notice of the reconvening of an adjourned meeting is not necessary unless the meeting is adjourned more than thirty (30) days past the date stated in the notice, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

3.13 SPECIAL MEETINGS

A special Members' meeting may be called at any time by the President, the Board of Directors, or one or more Members holding one-tenth or more of all the votes entitled to vote at the meeting. Such meeting may be called for any purpose. The party calling the meeting may do so only by written request sent by certified mail or delivered in person to the President or Secretary.
officer receiving the written request shall cause notice of the meeting to be sent to all the
Members entitled to vote at the meeting. If the officer does not give notice of the meeting within
ten (10) days after receipt of the written request, the person or persons calling the meeting may
fix the time of the meeting and give the notice. The notice shall be sent pursuant to Section 3.12
of these Bylaws. The notice of a special Members' meeting must state the purpose or purposes of
the meeting and, absent consent of every Member to the specific action taken, shall be limited to
purposes plainly stated in the notice, notwithstanding other provisions herein.

3.14 QUORUM

3.14(a) QUORUM OF MEMBERS

As to each item of business to be voted on, the presence (in person or by proxy) of the
persons who are entitled to vote at least one-tenth of the Members' votes on that matter
shall constitute the quorum necessary for the consideration of the matter at a Members'
meeting. If a quorum is present, every act done or resolution passed by a majority of the
Members present shall be the act of the Members.

3.14(b) ADJOURNMENT FOR LACK OF QUORUM

No business may be transacted in the absence of a quorum, or upon the withdrawal of
enough Members to leave less than a quorum, other than to adjourn the meeting from time
to time by the vote of a majority of the votes represented at the meeting.

3.15 VOTING BY VOICE OR BALLOT

Elections for Directors need not be by ballot unless a Member demands election by ballot before
the voting begins.

3.16 PROXIES

A Member may vote either in person or by proxy executed in writing by the Member or his or her
duly authorized attorney in fact. Unless otherwise provided in the proxy or by law, each proxy
shall be revocable and shall not be valid after eleven (11) months from the date of its execution.

3.17 VOTING BY MAIL

Any election of Directors may be conducted by mail in such manner as the Board of Directors
shall determine.

ARTICLE FOUR-OFFICERS

4.01 TITLE AND APPOINTMENT
The officers of the Corporation shall be a President, a Vice President, a Secretary, and such other officers as the Board may designate. Any two or more offices, except President and Secretary, may be held by the same person. All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the compensation and tenure, not to exceed three (3) years, of all officers. The Board of Directors may delegate this power to appoint officers to any officer or committee, and such officer or committee shall have full authority over the officers they appoint, subject to the power of the Board as a whole. Election or appointment of an officer shall not of itself create contract rights.

4.02 REMOVAL AND RESIGNATION

Any officer may be removed, with or without cause, by vote of a majority of the Directors at any meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any committee or officer upon whom that power of removal may be conferred by the Board. Such removal shall be without prejudice to the contract rights, if any, of the person removed. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Any resignation shall take effect upon receipt or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.03 VACANCIES

Should any vacancy occur in any office of the Corporation, the Board of Directors may elect an acting successor to hold office for the unexpired term or until a permanent successor is elected.

4.04 COMPENSATION

The compensation of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving a salary by reason of the fact that the officer is also a Member or a Director of the Corporation, or both.

4.05 PRESIDENT

The President shall be the chief executive officer of the Corporation, subject to the control of the Board of Directors. The President shall have general supervision, direction, and control of the business and officers of the Corporation; shall have the general powers and duties of management usually vested in the office of the President of a corporation; shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws; and shall be ex officio a member of all standing committees, including the executive committee, if any. In addition, the President shall preside at all meetings of the Members and Board of Directors.

4.06 VICE PRESIDENT

The Vice President(s) shall have such powers and perform such duties as from time to time may be prescribed by these Bylaws, the Board of Directors, or the President. In the absence or
disability of the President, the senior Vice President shall perform all the duties of the President, pending action by the Board. While so acting, the senior Vice President shall have the powers of, and be subject to all the restrictions on, the President.

4.07 SECRETARY

The Secretary shall:

(A) See that all notices are duly given as required by law, the Articles of Incorporation, or these Bylaws. In case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to act, notice may be given and served by an Assistant Secretary or by the President, Vice President, or Board of Directors.

(B) Be custodian of the minutes of the Corporation's meetings, its Corporate Record Book, its other records, and any seal which it may adopt. When the Corporation exercises its right to use a seal, the Secretary shall see that the seal is embossed upon all documents authorized to be executed under seal in accordance with these Bylaws.

(C) Maintain, in the Corporate Record Book, a record of all Members of the Corporation, together with their current mailing addresses.

(D) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be required by Article Six of these Bylaws, by these Bylaws generally, by the President, by the Board of Directors, or by law.

4.08 TREASURER

The Treasurer shall:

(A) Have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all funds in the name of the Corporation in those banks, trust companies, or other depositories as the Board of Directors select.

(B) Receive, and give receipt for, monies due and payable to the Corporation.

(C) Disburse or cause to be disbursed the funds of the Corporation as may be directed by the Board of Directors, taking proper vouchers for those disbursements.

(D) If required by the Board of Directors or the President, give to the Corporation a bond to assure the faithful performance of the duties of the Treasurer's office and the restoration to the Corporation of all corporate books, papers, vouchers, money, and other property of whatever kind in the Treasurer's possession or control, in case of the Treasurer's death, resignation, retirement, or...
removal from office. Any such bond shall be in a sum satisfactory to the Board of Directors, with one or more individual securities or with a surety company satisfactory to the Board of Directors.

(E) In general, perform all the duties incident to the office of the Treasurer, and such other duties as from time to time may be assigned to the Treasurer by Article Six of these Bylaws, by these Bylaws generally, by the President, by the Board of Directors, or by law.

4.09 ASSISTANT SECRETARY AND ASSISTANT TREASURER

The Assistant Secretary and Assistant Treasurer shall have such powers and perform such duties as the Secretary or Treasurer, respectively, or as the President or Board of Directors may prescribe. In the absence of the Secretary or Treasurer, the Assistant Secretary or Assistant Treasurer, respectively, may perform all the functions of the Secretary or Treasurer.

ARTICLE FIVE-AUTHORITY TO EXECUTE INSTRUMENTS

5.01 NO AUTHORITY ABSENT SPECIFIC AUTHORIZATION

These Bylaws provide certain authority for the execution of instruments. The Board of Directors, except as otherwise provided in these Bylaws, may additionally authorize any officer(s) or agent(s), to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless expressly authorized by these Bylaws or the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement nor to pledge its credit nor to render it liable pecuniarily for any purpose or in any amount.

5.02 EXECUTION OF CERTAIN INSTRUMENTS

Formal contracts, promissory notes, deeds, deeds of trust, mortgages, pledges, and other evidences of indebtedness of the Corporation, other corporate documents, and certificates of ownership of liquid assets held by the Corporation shall be signed or endorsed by the President or any Vice President and by the Secretary or the Treasurer, unless otherwise specifically determined by the Board of Directors or otherwise required by law.

ARTICLE SIX-CORPORATE RECORDS AND ADMINISTRATION

6.01 MINUTES OF CORPORATE MEETINGS

The Corporation shall keep at the principal office, or such other place as the Board of Directors may order, a Corporate Record Book containing minutes of all meetings of the Corporation's Members, Directors, and committees. The minutes shall show the time and place of each meeting, whether the meeting was regular or special, a copy of the notice given or written waiver thereof.
and, if it is a special meeting, how the meeting was authorized. The minutes of all meetings shall further show the proceedings and the names of those present. Minutes of Member meetings shall also show the number of votes present or represented.

6.02 BOOKS OF ACCOUNT AND ANNUAL REPORTS

The Corporation shall maintain current true and accurate financial records with full and correct entries made with respect to all financial transactions, including all income and expenditures, in accordance with generally accepted accounting practices. Based on these records, the Board of Directors shall annually prepare or approve a report of the Corporation's financial activity for the preceding year. The report must conform to accounting standards as promulgated by the American Institute of Certified Public Accountants and must include a statement of support, revenue, expenses, and changes in fund balances, a statement of functional expenses, and balance sheets for all funds. All records, books, and annual reports of the financial activity of the Corporation shall be kept at its principal office for at least three years after the closing of each fiscal year and shall be available to the public for inspection and copying there during normal business hours. The Corporation may charge for the reasonable expense of preparing a copy of a record or report.

6.03 MEMBERSHIP REGISTER

The Corporation shall keep, at the principal office, a membership register showing the names of the Members, their addresses, the date they became a Member, and the date any former Member's membership terminated. The above-specified information may be kept on an information storage device, such as electronic data processing equipment, provided that the equipment is capable of reproducing the information in clearly legible form for the purposes of inspection by any Member, Director, officer, or agent of the Corporation during regular business hours.

6.04 CORPORATE SEAL

The Board of Directors may at any time adopt, prescribe the use of, or discontinue the use of, such corporate seal as it deems desirable, and the appropriate officers shall cause such seal to be affixed to such documents as the Board of Directors may direct.

6.05 FISCAL YEAR

The fiscal year of the Corporation shall be as determined by the Board of Directors and approved by the Internal Revenue Service. The Treasurer shall forthwith arrange a consultation with the Corporation's tax advisers to determine whether the Corporation is to have a fiscal year other than the calendar year. If so, the Treasurer shall file an election with the Internal Revenue Service as early as possible, and all correspondence with the IRS, including the application for the Corporation's Employer Identification Number, shall reflect such non-calendar year election.

6.06 MANAGEMENT OF FUNDS
All institutional and endowment funds shall be handled pursuant to the Uniform Management of Institutional Funds Act. (Texas Property Code Sections 163.001 et seq.).

6.07 LOANS TO OFFICERS AND DIRECTORS

The Corporation shall not loan money to any of its Directors.

6.08 WAIVER OF NOTICE AND CONSENT TO ACTION

Meetings provided for in these Bylaws shall not be invalid for lack of notice if all persons entitled to notice either waive notice or consent to the meeting, in writing, or are present and do not object to the notice given. Waiver or consent may be given either before or after the meeting. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE SEVEN-DUES

7.01 ANNUAL DUES

The Board of Directors may determine from time to time the amount of initiation fee, if any, and the annual dues payable to the Corporation by each class of Members.

7.02 PAYMENT OF DUES

Dues shall be payable in advance on the date specified by the Board of Directors. Dues of a new Member may be prorated from the first day of the month in which such new Member is elected to membership, for the remainder of the fiscal year of the Corporation.

7.03 DEFAULT AND TERMINATION OF MEMBERSHIP

When any Member shall be in default in the payment of dues, as determined by the Board of Directors, his or her membership may be terminated by the Board of Directors in the manner provided in Article 3.03 of these Bylaws.

ARTICLE EIGHT-ADOPTION OF AMENDED BYLAWS

The foregoing bylaws were adopted by the Board of Directors, effective February 10, 2000.
EXHIBIT G

TEXAS SECRETARY OF STATE
CERTIFICATE OF CONTINUED EXISTENCE OF MAEDC

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
CERTIFICATE OF GOOD STANDING OF MAEDC
Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Legacy Filing for MAPLE AVENUE ECONOMIC DEVELOPMENT CORPORATION OF DALLAS (filing number: 64770401), a Domestic Nonprofit Corporation, was filed in this office on March 18, 1983.

It is further certified that the entity status in Texas is active.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 01, 2002.

Gwyn Shea
Secretary of State
November 12, 2002

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Carole Keeton Rylander, Comptroller of Public Accounts of the State of Texas, do hereby certify that according to the records of this office, MAEDC-HULEN BEND GP LLC is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due December 22, 2003.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for the purpose of dissolution, merger or withdrawal.

GIVEN UNDER MY HAND AND SEAL OF OFFICE in the City of Austin, this 12th day of November, 2002 A.D.

CAROLE KEETON RYLANDER
Comptroller of Public Accounts

Taxpayer number: 32008357264
File number: 0800126657
Form 05-304 (Rev. 5-99/4)
EXHIBIT H

APPROVAL OF BONDS AND BOND DOCUMENTS
BY BORROWER, LLC AND MAEDC
Resolution of MAEDC-Hulen Bend Senior Community, L.P.

The Board of Managers of MAEDC-HULEN BEND G.P., LLC, the sole general partner of MAEDC-HULEN BEND SENIOR COMMUNITY, L.P., a Texas Limited Partnership in good standing, at a duly called meeting October 23, 2002, in Dallas, Texas, passed the following resolution: BE IT RESOLVED THAT MAEDC-HULEN BEND SENIOR COMMUNITY, L.P., by and through its sole general partner, MAEDC-HULEN BEND G.P., LLC, hereby approves all actions related to the acquisition and the financing of the project known as the Hulen Bend Senior Community in Fort Worth, Texas, by MAEDC-Hulen Bend Senior Community, L.P., the limited partnership of which it serves as sole general partner, and authorizes Monique S. Allen, and any other officer, on behalf of MAEDC-Hulen Bend G.P., LLC, and as necessary, on behalf of the sole member, to execute any and all documents necessary to effectuate such acquisition and financing.

In certification of which I hereby execute this document:

MAEDC-HULEN BEND SENIOR COMMUNITY, L.P.
By: MAEDC-HULEN BEND G.P., LLC
Its: Sole General Partner

By: Monique S. Allen
Its: President/Executive Director
Resolution of the Sole Member of MAEDC-Hulen Bend G.P., LLC

The Board of Directors of Maple Avenue Economic Development Corporation of Dallas, the sole member and manager of MAEDC-Hulen Bend G.P., LLC, a Texas Limited Liability Company in good standing, at a duly called meeting October 23, 2002, in Dallas, Texas, passed the following resolution: BE IT RESOLVED THAT MAEDC-Hulen Bend G.P., LLC, by and through its sole member and manager, Maple Avenue Economic Development Corporation of Dallas, hereby approves all actions related to the acquisition and the financing of the project known as the Hulen Bend Senior Community in Fort Worth, Texas, by MAEDC-Hulen Bend Senior Community, L.P., the limited partnership of which it serves as sole general partner, and authorizes Monique S. Allen, and any other officer, on behalf of MAEDC-Hulen Bend G.P., LLC, and as necessary, on behalf of the sole member, to execute any and all documents necessary to effectuate such acquisition and financing.

In certification of which I hereby execute this document:

By: Ray Quiptamilla, Jr.
Chairman of the Board of Directors of the sole member
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Hulen Bend

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Eric

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Boston Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Mesquite, Mesquite Texas
Churchill at Commerce, Commerce Texas
Evergreen at Hulen Bend, Fort Worth, Texas
Evergreen at Lewisville, Lewisville, Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Hulen Bend

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
January __, 2019

VIA E-MAIL TRANSMISSION

MAEDC-Hulen Bend GP, LLC
4739 Maple Avenue
Dallas, TX 75219

Re: MAEDC-Hulen Bend Senior Community, L.P. – Evergreen at Hulen Bend, Fort Worth, TX

Dear Sir or Madame:

Reference is hereby made to that certain First Amended and Restated Agreement of Limited Partnership of MAEDC-Hulen Bend Senior Community, L.P., a Texas limited partnership (the “Partnership”), dated as of November 14, 2002 (as amended by that certain First Amendment to First Amended and Restated Agreement of Limited Partnership of MAEDC-Hulen Bend Senior Community, L.P., dated as July 29, 2005, Second Amendment to First Amended and Restated Agreement of Limited Partnership of MAEDC-Hulen Bend Senior Community, L.P., dated as August 1, 2007, and an Assignment and Assumption of Development Limited Partner Interest and Third Amendment to First Amended and Restated Agreement of Limited Partnership of MAEDC-Hulen Bend Senior Community, L.P., dated as August 31, 2009, the “Partnership Agreement”), by and among MAEDC-Hulen Bend GP, LLC, as the General Partner and Boston Financial Institutional Tax Credits XXV, A Limited Partnership (formerly MMA Institutional Tax Credits XXV, A Limited Partnership), as the Investor Limited Partner. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Partnership Agreement.

The General Partner has requested the Consent of the Investor Limited Partner to the Property’s participation in the Texas Department of Housing and Community Affairs’ Section 811 Project Rental Assistance Program (the “Section 811 Program”), as required by Section 6.1B(vi) of the Partnership Agreement.

Please be advised that the Investor Limited Partner underwrote and closed its investment in the Partnership and the Property without contemplation of any residential units being subject to the Section 811 Program requirements and without an evaluation of the potential impact of this Section 811 Program on the Property, the Partnership and the Investor Limited Partner. Accordingly, the Investor Limited Partner does not consent to the Partnership’s participation in the Section 811 Program.

Very truly yours,

BOSTON FINANCIAL INSTITUTIONAL TAX CREDITS XXV,
A LIMITED PARTNERSHIP
By: West Cedar XXV, LLC, its General Partner
   By: West Cedar Managing, Limited Partnership, its Manager
      By: BFRP-WCM, LLC, its General Partner

By: ___________________________
   Michael H. Gladstone
   Authorized Agent
TDHCA #03412 Evergreen at Mesquite

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet
Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO COVER PAGES
   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Mesquite

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Boston Financial Investment Management, LP

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 31 & 32 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
PWA-MESQUITE SENIOR COMMUNITY, LP

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of August 1, 2003
TABLE OF CONTENTS

ARTICLE I DEFINED TERMS ...................................................................................................... 1
ARTICLE II CONTINUATION; NAME; AND PURPOSE ................................................................. 18
  Section 2.1. Continuation ........................................................................................................ 18
  Section 2.2. Name and Office; Agent for Service ................................................................. 18
  Section 2.3. Purpose ................................................................................................................ 18
  Section 2.4. Authorized Acts ................................................................................................ 19
ARTICLE III TERM AND DISSOLUTION ................................................................................... 20
ARTICLE IV PARTNERS; CAPITAL .......................................................................................... 21
  Section 4.1. General Partners ............................................................................................... 21
  Section 4.2. Limited Partners ............................................................................................... 21
  Section 4.3. Partnership Capital and Capital Accounts ......................................................... 21
  Section 4.4. Withdrawal of Capital ..................................................................................... 22
  Section 4.5. Liability of Limited Partners ........................................................................... 22
  Section 4.6. Additional Limited Partners ........................................................................... 22
  Section 4.7. Agreement to be Bound by Documents .......................................................... 22
ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER .................... 23
  Section 5.1. Installments of Capital Contributions .............................................................. 23
  Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner ................. 25
  Section 5.3. Repurchase of Investor Limited Partner's Interest ........................................... 27
  Section 5.4. Default of Investor Limited Partner ................................................................ 29
  Section 5.5. Redemption of Partnership Interest .................................................................. 31
ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS ................... 31
  Section 6.1. Restrictions on Authority ............................................................................... 31
  Section 6.2. Tax Matters Partners ....................................................................................... 33
  Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner .......................................................... 34
  Section 6.4. Duties and Obligations of the General Partners ............................................. 35
  Section 6.5. Representations, Warranties and Covenants; Certain Indemnities ............... 38
  Section 6.6. Indemnification ............................................................................................... 43
  Section 6.7. Liability of General Partners to Limited Partners ......................................... 43
  Section 6.8. Certain Obligations of the Developer .............................................................. 44
  Section 6.9. Obligation to Provide for Operating Expenses ............................................. 45
  Section 6.10. Certain Payments to the General Partners and Affiliates ............................. 45
  Section 6.11. Joint and Several Obligations ..................................................................... 46
ARTICLE VII WITHDRAWAL OF A GENERAL PARTNER; NEW GENERAL PARTNERS .......... 46
  Section 7.1. Voluntary Withdrawal .................................................................................... 46
  Section 7.2. Obligation to Continue .................................................................................... 47
  Section 7.3. Successor General Partner ............................................................................ 47
  Section 7.4. Interest of Predecessor General Partner ......................................................... 47
PWA-MESQUITE SENIOR COMMUNITY, LP

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of August 1, 2003 among PWA-MESQUITE GP, LLC, a Texas limited liability
company, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida
corporation, as Special Limited Partner; MMA FINANCIAL BOND WAREHOUSING, LLC, a
Maryland limited liability company, as Investor Limited Partner; CHURCHILL RESIDENTIAL,
INC., a Texas corporation as Class B Limited Partner, and Don Maison as Original (and
Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to
an Agreement of Limited Partnership dated as of August 1, 2003 (the “Original Partnership
Agreement”) and a Certificate of Limited Partnership dated as of July 21, 2003 (the
“Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing

The purposes of this amendment to, and restatement of, the Original Partnership
Agreement are to (i) admit the Investor Limited Partner, the Special Limited Partner and the
Class B Limited Partner as Partners; (ii) provide for the withdrawal of the Original Limited
Partner as Limited Partner; and (iii) to set out more fully the rights, obligations and duties of the
Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is
hereby amended and restated in its entirety, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public
accountants as may be engaged by the General Partners with the Consent of the Investor Limited
Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Credit Amount” means the product of (i) 99.99% and (ii)
the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost
Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for
the Property) for the entire Credit Period, as such amount may be increased or decreased as a
result of a subsequent determination by the Accountants, a Final Determination or a Recapture
Event.

“Adjustment Fraction” means a fraction separately determined as to each fiscal year, the
numerator of which shall be the Consumer Price Index most recently published before the end of
such fiscal year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate or Affiliated Person of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership (or any other Affiliated Person) if that Person is not otherwise an Affiliate or Affiliated Person of the Partnership or General Partner.

"Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Annual Credit" has the meaning given it in Section 5.1B.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.
“Assignment” shall mean any assignment, transfer or sale, and the words “assign,” “assignee” and “assignor” shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

“Bond Documents” means the Indenture, the Bonds, the Bond Loan Agreement, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.

“Bond Lender” means TDHCA, as maker of the Loan, together with its successors and assigns in such capacities.

“Bond Loan” means the loan in the amount of $11,000,000 to be made by the Bond Lender pursuant to the terms of the Bond Loan Documents which will bear interest at a rate of 7.55% during the construction phase and 6.80% during the permanent phase and which will mature on March 1, 2043.

“Bond Loan Agreement” means the Loan and Financing Agreement dated as of August 1, 2003 to be entered into by and between the Partnership and the Bond Lender relating to the disbursement of the Bond Loan.

“Bond Loan Documents” means the Bond Loan Agreement, the Bond Loan Note, the Bond Mortgage, the Regulatory Agreement, and any other documents delivered by the Partnership in connection with the Bond Loan, as the same may be amended from time to time.

“Bond Loan Note” means the promissory note in the amount of $11,000,000 entered into by the Partnership evidencing the Bond Loan.

“Bond Mortgage” means collectively, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (Series A-1) and the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (Series A-2) entered into by the Partnership in favor of the Bond Lender to secure the Bond Loan.


“Breakeven” means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants,
the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies.


"Buildings" means the building to be located on the Land which, in the aggregate, will contain 200 dwelling units for the elderly upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner's share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term "Capital Contribution" shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

"Cash Available for Debt Service Requirements" means, for any period of three (3) consecutive months, the excess of (i) all Cash Receipts over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.
“Cash Flow” means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

“Cash Receipts” means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a fiscal year shall be considered a cash receipt of the Partnership for such Fiscal Year.

“Certificate” means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

“CHDO Tax Exemption” means the Community Housing Development Organization ad valorem tax exemption to be granted to the Project by the Dallas Central Appraisal District pursuant to Section 11.182 of the Texas Tax Code.

“Class B Limited Partner” means Churchill Residential, Inc., a Texas corporation.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

“25% Completion Date” means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 25% complete. Any representation by any General Partner under this Agreement that the 25% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

“50% Completion Date” means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 50% complete. Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is
making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the period described in Section 42(i) of the Code.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Credit Agency" means the Texas Department of Housing and Community Affairs.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $469,118.
“Credit Reallocation Amount” means the amount of any tax credits allocated to the General Partners instead of to the Investor Limited Partner as a result of the application of Section 704(b) of the Code.

“Cumulative Priority Distribution” means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

“Debt Service Coverage Ratio” means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

“Debt Service Requirements” means, for any period of three (3) consecutive months, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

“Deferred Development Fee” has the meaning attributed thereto in the Development Agreement.

“Designated Prime Rate” means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.

“Designated Proceeds” means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.
“Determination Date” means the last day of the month preceding the month in which the Removal Notice Date occurs.

“Developer” means Churchill Communities L.P., a Texas limited partnership.

“Development Advances” has the meaning set forth in the Development Agreement.

“Development Agreement” means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

“Development Amount” has the meaning attributed thereto in the Development Agreement.

“Development Costs” means all costs (other than the Deferred Development Fee) incurred to (i) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (ii) arrive at Final Closing in substantial conformity with the Project Documents, (iii) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (iv) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Project Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (v) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

“Development Obligation Date” means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3) consecutive calendar months or (iv) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.

“Document Schedule” means the Schedule of Documents attached hereto as Exhibit B.

“Economic Risk of Loss” has the meaning set forth in Treasury Regulation Section 1.752-2.

“Election Notice” has the meaning given to it in Section 5.2B.

“Eligible Basis” has the meaning set forth in Section 42(d) of the Code.

“Eligible Development Costs” means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

“Entity” means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.
"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Federal Tax Credit Shortfall Payment" has the meaning provided in Section 5.2C.

"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Internal Revenue Code.

"Final Closing" means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership
for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Special Tax Counsel (or by an endorsement of either such title policy), (iii) the completion by the Accountants of a certified audit of the Partnership's and the Builder's construction costs as a part of cost certification to the extent required by the Lenders and the Agency, (iv) the agreement and acceptance of such cost certification by the Lenders and the Agency to the extent required by the Lenders and the Agency, and (v) all amounts due in connection with the construction of the Project have been paid or provided for, and (vi) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

"Final Determination" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

"Fiscal Year" means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

"Forward Commitments" means and includes, collectively, the Permanent Mortgage Commitment, and any documents and other instruments delivered to or required by the Lenders or the Agency by or from the Partnership in connection with any of such commitments, any Mortgage Loan or the Project, as amended from time to time.

"General Partners" means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Guarantor" means LHTE Equipment, LLC, a Texas limited liability company.

"Guaranty Agreement" means the joint and several guaranty as of August 28, 2003, made by the Guarantor in favor of the Investor Limited Partner.

"Hazardous Material" shall have the collective meanings given to the terms "hazardous material," "hazardous substances," "hazardous wastes," "toxic substances" and analogous terms in the Hazardous Waste Laws.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local
statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"Improvements" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

"Incentive Management Agreement" means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

"Incentive Management Fee" means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.

"Indenture" means the Trust Indenture dated as of August 1, 2003 by and between the Bond Lender and the Trustee.

"Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner and the Special Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.

"Initial Transfer Agreement" means the Initial Transfer Agreement in the form attached as an exhibit to this Agreement.

"Initial Transfer Date" means the date on which the Interest of the Investor Limited Partner is transferred from MMA Financial Bond Warehousing, LLC to MMA Mesquite Senior Community, LLC pursuant to the Initial Transfer Agreement.
"Inspecting Architect" means Galier.Tolson.French Design Associates or any successor to such firm.

"Installment" means any Installment of the Capital Contributions of the Investor Limited Partner referred to in Section 5.1.

"Interest," or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

"Investment Assumptions" means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.

"Investment Closing" means the date of delivery of this Agreement.

"Investor Limited Partner" means (i) commencing on the date of Investment Closing and continuing to the Initial Transfer Date, MMA Financial Bond Warehousing, LLC, a Maryland limited liability company and (ii) from and after the Initial Transfer Date, MMA Mesquite Senior, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1.D, and their respective successors in such capacity.

"Land" means the parcels of land on which the Improvements are located in Mesquite, Texas, as described in the Mortgage.

"Lender" means collectively, the Bond Lender and the Servicing Agent, as the context may require.

"Limited Partner" or "Limited Partners" mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

"Low Income Unit" means any of the 200 dwelling units for the elderly in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

"Management Agent" means Alpha-Barnes Real Estate Services, in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

"Management Agreement" means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.
“Management Fee” means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

“Managing General Partner” means any Managing General Partner designated as provided in Section 6.3B.

“Material Default” has the meaning set forth in Section 7.7B.

“MMA” means MMA Financial TC Corp., a Delaware corporation.

“Mortgage” means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, “Mortgage” shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term “mortgage” means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and “foreclose” and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

“Mortgage Loan” means the Bond Loan.

“Mortgage Loan Commitment” means the commitment of the Bond Lender to make the Bond Loan of up to $11,000,000.

“Mortgage Loan Documents” means Bond Loan Documents.

“Net Capital Contribution” means $3,753,000.

“Note” means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without
limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Agency or pursuant to the Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.

"Other Development Costs" means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1C(i).

"Permanent Mortgage Commencement" means the date on which the full amount of the Bond Loan has been advanced to the Partnership, and principal payments to Trustee on the Bond Loan have commenced as required under the Indenture.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.
"PILOT Agreements" means the Agreement for Payment in Lieu of Ad Valorem Taxes dated as of May 2003 between the Mesquite Independent School District and the Partnership and the Agreement for Payment in Lieu of Ad Valorem Taxes dated as of June 3, 2002 between the City of Mesquite, Texas and the Partnership.

"Priority Distribution" means, as to any Fiscal Year of the Partnership, the product of the "Applicable Amount" times the Adjustment Fraction determined in accordance with the following sentence. The "Applicable Amount" shall be zero until the Completion Date and $7,500 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

"Project" or "Property" means the Land and the Improvements.

"Project Documents" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Forward Commitments and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"Projected Aggregate Federal Credit Amount" means $469,071 which is the product of (i) 99.99% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term "Projected Aggregate Federal Credit Amount" shall mean the Adjusted Aggregate Federal Credit Amount, provided that any required adjustment(s), payment(s) or Federal Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"Recapture Amount" has the meaning specified in Section 10.5.
“Recapture Event” means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership’s Tax Credits under Section 42(j) of the Code or other applicable provisions of law and/or which results in a disallowance of any Tax Credits previously claimed by the Partnership.

“Regulations” means the rules and regulations of any Agency which are applicable to the Project or the Partnership.

“Regulatory Agreement” means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Partnership and/or for the benefit of any Lender or Agency with respect to the Project, as amended from time to time.

“Related Agreements” means each agreement, promissory note and certificate referred to in the Document Schedule.

“Related Person” has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

“Removal Notice” shall have the meaning set forth in Section 7.7.

“Removal Notice Date” shall have the meaning set forth in Section 7.7.

“Replacement Reserve” means the replacement reserve in the amount of $175 per unit per year to be established pursuant to Section 6.4.

“Requisite Approvals” means any required approvals of the Lender and each Agency to an action proposed to be taken by the Partnership.

“Retirement” (including the forms “Retire” and “Retired”) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition (except by reason of death) of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, “controlling interest” shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.
“Schedule” means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

“Service” means the Internal Revenue Service.

“Servicing Agent” means the entity acting from time to time in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“SLP” means MMA Special Limited Partner, Inc., a Florida corporation.

“Special Capital Contribution” means a capital contribution described in and made pursuant to Section 6.9A.

“Special Endorsements” means non-imputation, comprehensive, contiguity (if the Land consists of more than one parcel), access, zoning (including any applicable parking provisions), Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

“Special Limited Partner” means SLP as Special Limited Partner and its successors in such capacity.

“Special Tax Counsel” means Holland & Knight LLP of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“State” means the State of Texas.

“Substitute Limited Partner” means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.1D or 8.2.

“Supervisory Management Agent” means PWA-Mesquite GP, LLC, a Texas limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their capacity as such.

“TDHCA” means the Texas Department of Housing and Community Affairs.

“Tenant Income Certification” means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.

“Title Policy” means the Texas owner’s policy of title insurance issued to the Partnership by Commonwealth Land Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $14,753,000.
“TMP” means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.


“Uniform Act” means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

“Vessel” shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

“Working Capital Loan” means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

Continuation; Name; and Purpose

Section 2.1. Continuation

The parties hereto hereby agree to continue the limited partnership known as PW A­ Mesquite Senior Community, LP, which was formed pursuant to the provisions of the Uniform Act.

Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 800 N. Lancaster Avenue, Dallas, TX 75203. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Don Maison, 800 N. Lancaster Avenue, Dallas, TX 75203.

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:
(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute any and all notes, mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.
(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

Term and Dissolution

A. The Partnership shall continue in full force and effect until December 31, 2053, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII or Section 4.7;

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII or Section 4.7), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

Partners: Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is PWA-Mesquite GP, LLC, and its addresses and Capital Contribution are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions) exceed $100 without the Consent of the Investor Limited Partner.
B. In the event the entire Development Amount has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount.

Section 4.2. Limited Partners

A. The Special Limited Partner is hereby admitted to the Partnership. Its address and Capital Contributions are set forth in the Schedule.

B. The Class B Limited Partner is hereby admitted to the Partnership. Its address and Capital Contributions are set forth in the Schedule.

C. The Investor Limited Partner is hereby admitted to the Partnership. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Don Maison. By his execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3. Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term “substituted Partner,” as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner’s Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.
C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII, Article VIII.

Section 4.4. Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5. Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.

Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement, the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.
ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $3,753,000 payable in seven (7) installments (the “Installments”) as follows:

(i) the first Installment (the “First Installment”) in the amount of $1,126,000 shall be paid on the latest of (a) the Admission Date and (b) closing of the Bond Loan;

(ii) the second Installment (the “Second Installment”) in the amount of $751,000 shall be paid on the latest of (a) ninety (90) days after the Admission Date and (b) the 25% Completion Date;

(iii) the third Installment (the “Third Installment”) in the amount of $751,000, shall be paid on the latest of (a) one hundred eighty (180) days after the Admission Date and (b) the 50% Completion Date;

(iv) the fourth Installment (the “Fourth Installment”) in the amount of $563,000 shall be paid on the Construction Completion Date;

(v) the fifth Installment (the “Fifth Installment”) in the amount of $188,000, shall be paid upon the latest of (a) Final Closing, (b) the date the Accountants determine the amount of the Annual Credit, (c) the date the Partnership achieves a 110% Debt Service Coverage Ratio for three (3) consecutive months and (d) the achievement of the 90% Occupancy Date for ninety (90) consecutive days;

(vi) the sixth Installment (the “Sixth Installment”) in the amount of $188,000, shall be paid upon the latest of (a) the date the Partnership achieves a 115% Debt Service Coverage Ratio for three (3) consecutive months, and (b) Permanent Mortgage Commencement;

(vii) the seventh Installment (the “Seventh Installment”) in the amount of $186,000, shall be paid upon the latest of (a) receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement, and (b) the receipt by the Partnership of evidence that the Project has been granted a CHDO Tax Exemption.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate
remaining Installments (the “Payment Certificate”), in the forms attached hereto
as Exhibits E through J, relating to the appropriate remaining Installments, dated
the date such Installment is to be paid to the Partnership and attaching the Title
Policy endorsement and any other materials referred to therein. In connection
with the payment of each Installment, the Investor Limited Partner shall have the
right to conduct a physical inspection of the Property to determine that the
condition of the Project is consistent with sound business practices in the
geographic area in which the Project is located, including no deferred
maintenance. The Investor Limited Partner shall conduct such inspection within
ten (10) business days of being requested to do so by the General Partner,
provided, however, that the Investor Limited Partner will be deemed to waive
such physical inspection requirement if it does not make such inspection within
ten (10) business days of receipt of a written request by the General Partner to do
so (which may be sent prior to the date of the Payment Certificate, but not more
than ten (10) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the
admission of the Investor Limited Partner pursuant to this Agreement shall have
been obtained and the Project shall have received a Credit Approval in the amount
of at least $469,118 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5
shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor
Limited Partner to give an Election Notice under Section 5.2.

(v) From and after the date of the occurrence of an Event of
Bankruptcy as to any General Partner, any Guarantor or the Developer, the
obligation of the Investor Limited Partner to pay the Installments shall be
suspended, and such obligation shall be reinstated only when such Event of
Bankruptcy shall have been cured in a manner approved in writing by the Investor
Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior
Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in
the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the
Accountants shall determine that, or there shall be a Final Determination or a Recapture Event
pursuant to which, the Adjusted Aggregate Federal Credit Amount properly allocable to the
Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will
be less than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the
Investor Limited Partner shall be reduced in the aggregate by the “Federal Adjustment Factor”
(as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount is less than the Projected Aggregate Federal Credit Amount (the resulting product being referred to herein as the "Federal Adjustment Amount"). Prior to the release of the Fifth Installment, the "Adjustment Factor" shall be an amount equal to $8.00. From and after the release of the Fifth Installments, the "Adjustment Factor" shall be an amount equal to $9.14. The Federal Adjustment Amount shall be increased by 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this sentence, any reduction effected by reduction in the amount of an Installment as provided in Section 5.2C shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder).

B. Federal Timing Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $392,456 in 2005, or $469,071 in 2006 (the "Target Amounts"), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $392,456 in 2005, or $469,071 in 2006 (a "Federal Timing Adjustment"). Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Credit Amount shall vary from the Projected Aggregate Federal Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Credit Amount varies from the Projected Aggregate Federal Credit Amount.

C. Payment of Federal Adjustments Any Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) or Federal Timing Adjustment shall be applied first to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) and Federal Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a "Federal Tax Credit Shortfall Payment") to the Investor Limited Partner in the amount of such excess within thirty (30) days of the date of the determination in question. Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor Limited Partner in its sole discretion, any such Federal Tax Credit Shortfall Payment by the General Partners shall not constitute a Capital Contribution, loan or advance to the Partnership and shall not be reimbursable by the Partnership, but shall be treated as a payment by the General Partners to the Investor Limited Partner for breach of warranty by the General Partners to the Investor Limited Partner. If full payment of such excess amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate.

D. Provisional Adjustments If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under Section 5.2A or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon
engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants’ subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2C above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

E. Federal Upward Basis Adjuster  If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the “Federal Increase Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Credit Amount. The “Federal Increase Factor” shall be an amount equal to $8.00 for every $1.00 by which the Adjusted Aggregate Federal Credit Amount exceeds the Projected Aggregate Federal Credit Amount. In no event shall any increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2E exceed $300,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, in the event that, through the Completion Date: (1) the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), then the increased Capital Contribution payable under this Section 5.2E shall be reduced by an amount equal to 40% of any Net Interest Income.

Section 5.3. Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before March 1, 2006, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with
the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Special Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) any of the Forward Commitments is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Forward Commitment is not reinstated (or replaced on terms at least as favorable to the Partnership) within ninety (90) days; (5) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (6) the Project shall become ineligible for 30% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions; or

(iii) any Lender or Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership.

B. If any such event set forth in Section 5.2A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner of the obligations of the Class B Limited Partner hereunder to purchase the Investor Limited Partner’s Interest (such obligation being herein called a “Purchase Obligation” and such notice the “Purchase Obligation Notice”) within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an “Election Notice”) within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the Class B Limited Partner shall pay the Investor Limited Partner a purchase price (the “Purchase Price”) in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 110% of the Investor Limited Partner’s Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or penalties payable in connection with any recapture of tax credits
allocated to the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner's Interest and (c) the amount of any tax credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners and Class B Limited Partner shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners and the Class B Limited Partner shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner, the Class B Limited Partner or the Partnership. Notwithstanding the purchase by the Class B Limited Partner of the Interest of the Investor Limited Partner pursuant to Section 5.2A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partners until payment in full of the Purchase Price therefor. Upon such payment, the General Partners shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the Class B Limited Partner of its Interest in the manner described in this Section 5.2.

F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date forward.

G. Should any Class B Limited Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.2, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner's withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership shall give written notice to such defaulting Limited Partner (the "Defaulting Limited Partner"), who shall have thirty (30) days after such notice to make such payment. If the Defaulting Limited Partner fails to make such payment within such period, then such failure shall constitute a default by the Defaulting Limited Partner under this Agreement and all unpaid future Capital Contributions shall be immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for Consent of the Defaulting Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and
concurrent and may be pursued separately, successively, or together except as is otherwise provided in this Section, and such rights and remedies may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) **Sale of Interest.** After the notice of default by the Partnership and expiration of the thirty (30) day cure period described above, the Partnership may elect, upon ten (10) days’ written notice to the Investor Limited Partner, to sell the Investor Limited Partner’s Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable best efforts to obtain the highest price for the Investor Limited Partner’s Interest. The Investor Limited Partner shall receive any remaining net proceeds of such sale after satisfaction of the obligations of the Investor Limited Partner hereunder.

(ii) **Actions for Specific Performance.** At any time, after the notice of default by the Partnership and after expiration of the thirty (30) day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits, to recover all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney’s fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership’s exercise of its rights under subsection (i) above.

(iii) **Interest.** After default by the Partnership, the defaulted future Capital Contributions will bear interest at the Designated Prime Rate plus one percent (1%) until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) **Certain Disputes.** Notwithstanding the foregoing, this Section 5.3 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder, in the event a bona fide dispute exists as to the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the thirty (30)-day period described above for non-binding mediation and then Arbitration in Dallas, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights under this Section 5.3 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a finding by the Arbitrator that all conditions to the disputed Installment were
satisfied (regardless of whether the Investor Limited Partner has exercised its right to challenge the Arbitrator’s finding pursuant to (2) above). If the Investor Limited Partner fails to pay such amounts within such ten (10) day period, the Investor Limited Partner shall not be entitled to exercise its rights under (2) above and the finding by the Arbitrator shall be deemed final and binding. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any attorney’s fees incurred in connection with such Arbitration.

B. Notwithstanding the above, in order to secure the performance of the Investor Limited Partner’s obligation to make Capital Contributions under this Agreement (subject to the default and adjustment provisions herein), the Investor Limited Partner has granted to the Partnership a security interest in the Investor Limited Partner’s Interest in the Partnership. The Investor Limited Partner hereby represents that the security interest granted is a first security interest in the collateral described subject and subordinate, if applicable, to the Bond Loan. The Partnership will not take any action to foreclose against such security interest prior to thirty (30) days written notice received by the Investor Limited Partner (the “Notice Period”). Further, if the Investor Limited Partner contests such action within the Notice Period giving written protest setting forth the basis of its objections (the “Protest Notice”), then the matter will be submitted to binding arbitration as set forth herein. If the Investor Limited Partner does not contest such action within the Notice Period by Protest Notice, then the Partnership may proceed, however, the Investor Limited Partner will be given a reasonable opportunity to appear and bid at any public or private sale of such Interest, or of any part thereof.

This agreement shall constitute the grant by the Investor Limited Partner and the Special Limited Partner of a security interest in the entire Interest in the Partnership and for purposes hereof the Special Limited Partner’s Interest shall be deemed included within the Investor Limited Partner’s interest. The Partnership acknowledges that such security interest shall only secure the Investor Limited Partner’s obligation to make Capital Contributions in accordance with the terms hereof. The Partnership shall be entitled to file a UCC to reflect the terms hereof. The Partnership acknowledges that the Investor Limited Partner has pledged its Interest to Fleet National Bank (“Fleet”), as described in Section 8.1D hereof. The Partnership agrees that, notwithstanding any contrary provision herein, it will give Fleet written notice at the following address: Fleet National Bank, Mail Code: MADE10304X, One Federal Street, Boston, MA 02110, Attention: John F. Simon, Vice President of any default of the Investor Limited Partner hereunder, and Fleet will have sixty (60) days from its receipt of such notice to cure any such default prior to the Partnership’s exercising any of its rights and remedies hereunder or otherwise at law or in equity, including, without limitation, its right to sell the Interest hereunder.

Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership (with a copy to the Servicing Agent) within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and

BOS1 #1357793 v4

- 30 -
shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

**ARTICLE VI**

**Rights, Powers and Duties of the General Partners**

**Section 6.1. Restrictions on Authority**

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Agency.

B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is
neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(viii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant which consent will not unreasonably withheld provided there are no adverse tax consequences, or

(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) to amend any of the Related Agreements, or

(xii) to permit the merger, termination or dissolution of the Partnership, or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xii) shall not be unreasonably withheld.) or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in
any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2. Tax Matters Partners

A. The Managing General Partner is hereby designated as the Tax Matters Partner for the Partnership. Upon the Retirement of the Person serving as the TMP (the “Retired TMP”), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partners and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including
attorneys' fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.

Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. PWA-Mesquite GP, LLC, is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner, the Developer or any Guarantor or, (vi) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by
the Special Limited Partner or MMA, may, with the Consent of the Investor Limited Partner (with a copy to the Servicing Agent), elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof. Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners by any Lender or Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the credit period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a “qualified low income housing project” under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a “qualified low income housing project” under Section 42(g) of the Code or which would cause the recapture of
any low income housing tax credit under the Code without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the low-income housing credit described in Section 42 of the Code for all Low Income Units and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of such credit for failure to comply with the requirements of Section 42 of the Code.

E. Except as provided in or contemplated by the Forward Commitments and the Mortgage Loan Documents, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. [Reserved].

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project, or at or on any other Facility or Vessel owned, occupied, or operated either by any General Partner; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project or any other Facility or Vessel owned, occupied, or operated by any General Partner or any Person whose liability may result in a lien on the Project; (y) upon any General Partner's receipt of any notice to such effect from any federal, state, or other governmental authority; and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such governmental authority in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. The General Partner shall establish a reserve account for capital replacements (the "Replacement Reserve"), which account shall be funded by deposits of $175 per unit per year (or such lesser amount as shall be approved in writing by the Special Limited Partner from time to
time) commencing on the Completion Date. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partner and the Class B Limited Partner.

K. The General Partners, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of the Buildings (including site improvements) and the Land is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Development Amount as a Partner Nonrecourse Debt ("Related Party Financing"), then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action shall be the assignment of the outstanding balance of such Related Party Financing to an entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1J.

N. The Class B Limited Partner shall deliver to the Investor Limited Partner copies of all draw requests and reports by the Inspecting Architect submitted to the Servicing Agent and Bond Lender in connection with construction of the Project.

Section 6.5. Representations, Warranties and Covenants: Certain Indemnities

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper governmental authority necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the
likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of this Agreement.

(vii) [Reserved]

(viii) The Partnership owns the fee simple interest in the Property and has good and indefeasible title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics’ or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is a corporation or limited liability company have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its incorporation.
(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

(xiii) The Project will qualify on and after the Completion Date as a “qualified low-income housing project” under Section 42(g) of the Code and all Low Income Units in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, or Person for whose conduct any General Partner is or was responsible has ever: (i) owned, occupied, or operated a Facility or Vessel on which any Hazardous Material was or is stored, transported, or disposed of (except if such storage, transport or disposition was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) directly or indirectly transported, or arranged for transport, of any Hazardous Material (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (iii) caused or was legally responsible for any release or threat of release of any Hazardous Material; (iv) received notification from any federal, state or other governmental authority of (x) any potential, known, or threat of release of any Hazardous Material from the Project or any other Facility or Vessel owned, occupied, or operated by any General Partner, or Person for whose conduct any General Partner is or was responsible or whose liability may result in a lien on the Project; or (y) the incurrence of any expense or loss by any such governmental authority or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project or any such Facility or Vessel.

(xvi) To the best of the General Partner's knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a
judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) Fifty percent (50%) or more of the aggregate basis of the Buildings and the Land will be financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xx) On or before the contribution of the Investor Limited Partner’s Seventh Installment, the General Partner will obtain the CHDO Tax Exemption. The General Partner’s failure to obtain the CHDO Tax Exemption on or before the Investor Limited Partner contributes the Fourth Installment of its capital contribution and/or the failure of the General Partner to maintain the CHDO Tax Exemption throughout the Compliance Period shall be grounds for removal of the General Partner pursuant to Section 7.7.

(xxii) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(xxiii) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other person or entity, including the General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other entity, including the General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such entity;

(d) maintain separate financial statements from any other person or entity, including the General Partners or any Affiliates of the Partnership;
(e) except as specifically permitted by the Project Documents, pay its own liabilities out of its own funds;

(f) pay the salaries of its own employees;

(g) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(h) maintain an arm’s length relationship with its Affiliates;

(i) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(j) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(k) use invoices and checks separate from any other person or entity, including the General Partners or any Affiliates of the Partnership; and

(l) hold itself out as and operate as an entity separate and apart from any other entity, including the General Partners or any Affiliates of the Partnership.

(xxiv) All of the representations and warranties set forth in the Closing Certificate are true and correct.

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Guarantor or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued
only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Admission Date; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partner is entitled to indemnification under Section 6.6.

D. The General Partners agree to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership and the Limited Partners may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such indemnity by the General Partner of the Partnership shall be limited to those claims, losses, damages, costs, expenses or liabilities which were caused by the negligent acts or omissions of the General Partner. Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners' selection, but at the expense of the General Partners. Notwithstanding anything else set forth in this Agreement, this indemnification shall survive the withdrawal of any General Partner and/or the termination of this Agreement.

Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have
any personal liability on account thereof; provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

Section 6.7. Liability of General Partners to Limited Partners

A. No General Partner or Designated Affiliate (as defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of such General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in good faith, determined that such course of conduct was in the best interests of the Partnership and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate or breach of this Agreement.

B. As used in Sections 6.6 and 6.7, a "Designated Affiliate" is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner or trustee, of any company for which such General Partner acts in any such capacity.

C. The General Partners shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners' or any Designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.
Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.

Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions; amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partners shall not be obligated to make Operating Expense
Loans under this Section 6.9 to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $1,000,000 which includes the funding of the Replacement Reserve Account. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $75,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

C. The General Partners shall cause the Partnership to establish an operating reserve in the initial amount of $50,000, as required under Article IV of the Indenture.

D. In addition to the obligations set forth in 6.9A, 6.9B, and 6.9C, the General Partner agrees that if at any time during the Compliance Period the Partnership is required to pay real estate taxes in excess of those contemplated by the PILOT Agreements and CHDO Tax Exemption ("Excess Real Estate Taxes") and has an operating deficit, then the General Partner shall furnish to the Partnership the funds required to pay such operating deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the General Partner shall be deemed Special Capital Contributions.

Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

   (i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

   (ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and

   (iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).
C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Agency out of the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction Contract.

D. The General Partner is entitled to reimbursement for all reasonable costs incurred in connection with the annual audit requirements mandated under the CHDO Tax Exemption as set forth in Section 11.182(g) of the Texas Tax Code.

Section 6.11. Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

ARTICLE VII

Withdrawal of a General Partner; New General Partners

Section 7.1. Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals.

Section 7.2. Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner thereof.

Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to
Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.4D or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner who withdraws voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all his other obligations and liabilities hereunder incurred or accrued prior to the date of his withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in his place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retires voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners and shall be approved by Consent of the Investor Limited Partner. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and
hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

   (i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

   (ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

   (iii) an Event of Bankruptcy as to any General Partner, more than one Guarantor or the Partnership;

   (iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or

   (v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing (with a copy to the Servicing Agent), of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of such Removal Notice being referred to herein as the “Removal Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7 above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided,
however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the Removal Notice Date; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the amounts payable to the General Partner pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of
such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement.
Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the provisions of Section 5.1B as a result of any adjustments described in Section 5.1B, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, legal fees and expenses, shall be paid by the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.
N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, its interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.

ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its assignee in its place as a Substitute Limited Partner without the written consent of the General Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA, the consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, an Assignment of Investor Limited Partner Interest and Omnibus Amendment, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of membership interest in the Investor Limited Partner to an Affiliate of MMA, the General Partner agrees to make such changes to the Agreement and Related Agreements as such transferee may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) MMA Financial Bond Warehousing, LLC may pledge, without the consent of the General Partners or any other Person, its Interest to Fleet National Bank (together with its successors and/or assigns, "Fleet") to secure a loan enabling the Investor Limited Partner to make its Capital
Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, "investment property" or held in a "securities account" (within the meaning of the Uniform Commercial Code (the "UCC") and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a "security" or as "investment property" or to be held in a "securities account" within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect.

E. Without limitation of the foregoing provisions of this Section 8.1, the Partners specifically acknowledge that MMA Financial Bond Warehousing, LLC contemplates the transfer of its Interest to MMA Mesquite Senior Community, LLC, a Delaware limited liability company, pursuant to the terms and provisions of the Initial Transfer Agreement, and all Partners hereby consent thereto. Such transfer shall be effective on such date as may be designated by the transferor in writing to the Partnership.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound by the Project Documents and this Agreement as a condition to its being admitted to the Partnership. Without limitation of the foregoing, the transferee of the Interest of the Investor Limited Partner pursuant to the Initial Transfer Agreement shall be automatically admitted to the Partnership as a Substitute Limited Partner on the date such transfer shall become effective as provided in Section 8.1E.

Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.
C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner’s Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

Section 8.4. Voluntary Withdrawal of the Class B Limited Partner

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner.

ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date hereof, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans.

B. The General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans pursuant to Section 6.9.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed
fully their obligations to furnish funds pursuant to Sections 6.8 and 6.9 hereof and pursuant to the Development Agreement, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes a borrowing permitted by Sections 6.8 or 6.9 or pursuant to the Development Agreement and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Forward Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3. Sales Commissions

Upon the sale of the Property by the Partnership, no Person may pay to any Person real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.

ARTICLE X

Profits, Losses and Distributions

Section 10.1. Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any balance paid to the Developer as payment of the Deferred Development Fee, and (iii) Cash Flow for each fiscal year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each fiscal year, in the following order of priority:
First, to the payments required to be made pursuant to the PILOT Agreements;

Second, to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions constituting Recapture Amounts) equal to the Cumulative Priority Distribution;

Third, to the payment of any Deferred Development Fee, plus accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fifth, 10% of the balance remaining after Clause Third above shall be distributed to the Investor Limited Partner;

Sixth, to the payment of the Incentive Management Fee;

Seventh, any balance shall be used as follows: 69.44% shall be paid to the Class B Limited Partner, 30.55% shall be distributed to the General Partner, and .01% shall be distributed to the Investor Limited Partner.

If the Partnership shall have unfunded operating deficits or if any Recapture Amount or Credit Reallocation Amount shall be then due and owing to the Investor Limited Partner, then the General Partners and their Affiliates shall not be entitled to any distributions, fees or loan repayments under this Section 10.1A and any amounts which would otherwise have been paid or distributed to the General Partners pursuant to this Section 10.1A shall be reduced by such Recapture Amount or Credit Reallocation Amount and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1A shall be increased by such Recapture Amount or Credit Reallocation Amount.

B. Distributions of Capital Transaction Proceeds

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);
Third, to the repayment of any outstanding Deferred Development Fee and any interest accrued thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the repayment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

Fifth, to the Investor Limited Partner an amount equal to any unpaid amount of the Cumulative Priority Distribution;

Sixth, to the Investor Limited Partner an amount equal to (a) the excess of the Recapture Amount determined under Section 10.5 over the sum of all Cash Flow distributions theretofore made to the Investor Limited Partner to effect payment of Recapture Amounts or Credit Reallocation Amount less (b) amounts previously paid to the Investor Limited Partner pursuant to this Clause Sixth;

Seventh, $10,000 to the Special Limited Partner; and

Eighth, the balance of such proceeds, if any, shall be distributed 20% to the Investor Limited Partner, 27.5% to the General Partner, and 52.5% to the Class B Limited Partner.

C. Sharing of Distributions

All distributions to the respective classes composed of the Special Limited Partner and the General Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. Proceeds from Insurance

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation after payment of debts and obligations of the Partnership, such proceeds shall be applied and distributed as follows: first, pursuant to Section 10.1B First; second, pursuant to Section 10.1B Second, third, to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution that has been contributed to date, less the value of the Federal Tax Credits and losses taken and less any cash distributions received under Section 10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

Section 10.2. Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital Account
following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in his Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of a Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the “Designated Amount”) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, “unrealized appreciation” or “unrealized depreciation” shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership’s adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article, for each fiscal year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners and 99.99% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:
As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Fifth through Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided, however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Fifth through Eighth of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners and 99.99% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C. shall prevent
the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any fiscal year, then the allocation of profits and losses under Section 10.3A for such fiscal year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Nonrecourse Debt Minimum Gain. Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.6B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.
B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives (1) an allocation of loss or deduction or expenditures described in Section 705(a)(2)(B) of the Code made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner’s interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as a result of a distribution by the Partnership of unrealized receivables or inventory items or (2) a distribution, and such allocation and/or distribution would cause the negative balance in such Partner’s Capital Account to exceed (i) such Partner’s share of Partnership Minimum Gain plus (ii) such Partner’s share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner’s obligation, if any, to restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner’s Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Recapture Amount

A. If at any time during the Compliance Period, the Project ceases to be a “qualified low income housing project” (as defined in Section 42(g)(1) of the Code) or any Low-Income Unit ceases to be a “low income unit” (as defined in Section 42(i)(3) of the Code), and as a result thereof all or any portion of credits allowed to the Partnership and its Partners under Section 42 of the Code are subject to recapture pursuant to Section 42(j) of the Code (such an occurrence being referred to herein as a Recapture Event), the Investor Limited Partner shall become entitled to additional cash distributions equal to the Recapture Amount.

B. The Recapture Amount is an amount that, after deduction of all federal income taxes payable by the Investor Limited Partner (or its partners) as computed under Section 10.5D below, is equal to the sum of (i) the “credit recapture amount” allocable to the Investor Limited Partner as defined in Section 42(j) of the Code (together with any interest or penalties incurred in connection with such credit recapture amount to the extent not otherwise included in such definition) plus (ii) the amount of credits allocable to the Investor Limited Partner which are disallowed in the year of the Recapture Event and in each subsequent year. Notwithstanding the foregoing, however, the Recapture Amount attributable to an event which also results in a reduction of the Capital Contribution of the Investor Limited Partner pursuant to Section 5.1B shall be zero if such reduction is actually effected by reduction of subsequent Installments or Tax Credit Shortfall Payments by the General Partners pursuant to Section 5.1B(iv).
C. Any Recapture Amount distributable to the Investor Limited Partner pursuant to the foregoing provisions shall be distributed as funds become available for such distributions, but such distributions shall not be made prior to (i) in the case of the “credit recapture amount,” the year of the Recapture Event and (ii) in the case of any credits disallowed with respect to any year subsequent to the Recapture Event, in each such subsequent year.

D. Determination of the Recapture Amount shall be made on the assumption that receipt or accrual by each partner of the Investor Limited Partner of any amounts distributable to such partner under Section 10.5C above will currently be subject to United States federal income tax at the highest marginal rate applicable to corporations for the year(s) in question (giving effect to the application of the alternative minimum tax).

E. All computations required under this Section 10.5 shall be made reasonably by the Investor Limited Partner, and the results of such computations, together with a statement describing in reasonable detail the manner in which such computations were made, shall be delivered to the Managing General Partner in writing. Within fifteen (15) days following receipt of such computation, the Managing General Partner may request that the Accountants determine whether such computations are reasonable and are not erroneous. If the Accountants determine that such computations are unreasonable or contain errors, then the Accountants shall determine what they believe to be the appropriate computations. If the Investor Limited Partner does not agree with the determination of the Accountants, then another accounting firm other than the Accountants to be selected jointly by the Investor Limited Partner and the Managing General Partner or, if they cannot agree, by the American Arbitration Association, from among the ten largest national accounting firms, shall make such computations. The computations of the Investor Limited Partner, the Accountants, or the other accounting firm so selected, whichever is applicable, shall be final, binding and conclusive upon the parties. All fees and expenses payable to an accounting firm other than the Accountants under this paragraph shall be borne solely by the Managing General Partner. All fees and expenses payable to the American Arbitration Association shall be borne equally by the General Partners and the Investor Limited Partner.

F. In the event that a claim is made by the Service which, if successful, would result in the determination that a Recapture Event has occurred, the Investor Limited Partner hereby agrees to take such action in connection with contesting such claim as the Managing General Partner shall reasonably request in writing from time to time; provided that: (i) within thirty (30) days after receiving notice of such claim, the Managing General Partner shall request that such claim be contested; (ii) the Investor Limited Partner shall not enter into a settlement or compromise with the Service with respect to, or shall otherwise concede, any claim which the Managing General Partner has requested be contested without the prior written consent of the Managing General Partner, which shall not be unreasonably withheld or delayed; and (iii) notwithstanding the foregoing, the Investor Limited Partner, in its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Service and pay (or cause its partners to pay) the tax claimed and sue for a refund in the appropriate United States District Court and/or the Court of Federal Claims, considering, however, in good faith such request as the Managing General Partner shall make concerning the most appropriate forum in which to proceed, in which event the Managing General Partner shall, if the Managing General Partner desires, contest such claim in the United States District Court or the Court of Federal Claims. The Investor Limited Partner agrees to notify the Managing General Partner in writing.
of any such claim and agrees not to make payment of the tax for at least thirty (30) days after
giving such notice and agrees to give the Managing General Partner any information that is
relevant and material to contest such claim and to cooperate in all reasonable respects with the
Managing General Partner in good faith in order to contest any such claim effectively. The
Managing General Partner and its counsel shall maintain confidentiality with respect to all such
information insofar as is possible, consistent with the conduct of a contest hereunder. All
reasonable legal and accounting fees and other third party costs and expenses incurred by the
Investor Limited Partner or its partners in contesting a claim or with respect to such litigation
shall be borne by the Managing General Partner.

G. If any claim referred to above shall be made by the Service and the Managing
General Partner shall have reasonably requested the Investor Limited Partner or its partners to
contest such claim as above provided and shall have duly complied with all of the terms of the
foregoing provisions, the Recapture Amount as a consequence of such claim shall become fixed
upon the Final Determination of the liability of the Investor Limited Partner or its partners for the
tax claimed and after giving effect to any refund obtained, together with interest thereon; but in
all other cases the Recapture Amount shall become fixed at the time the Investor Limited Partner
or its partners agree to the adjustments relating to such claim.

Section 10.6. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and
distributions shared by the respective classes composed of the Special Limited Partner and the
General Partners shall be allocated among the members of such class in accordance with the
percentages set forth opposite their respective names in the Schedule. Subject to the provisions
of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed
to have been admitted to the Partnership as of the first day of the month during which its actual
admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation,
between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its
basis computed for federal income tax purposes shall be shared among the Partners for tax
purposes so as to take account of such variation in a manner consistent with the principles of
Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial
payment of the purchase price of the Project and such indebtedness is distributed to the Partners
pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion
of such purchase price and the principal amount of such purchase money indebtedness hereunder
shall be allocated among the Partners in the following manner: On the basis of the sum of the
principal amount of the purchase money indebtedness and cash payments received on the sale
(net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall
be calculated the percentage of the total net proceeds distributable to each class of Partners based
on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money
indebtedness principal interchangeably for this purpose, and the respective classes shall receive
such respective percentages of the net cash purchase price and purchase money principal.
Payments on such purchase money indebtedness retained by the Partnership shall be distributed
in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

1. Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.
2. Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.
3. Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.
4. Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.
5. Capital Accounts shall be increased by any qualified income offset under Section 10.4C.
6. Capital Accounts shall be increased by allocations of profits under Section 10.3A.
7. Capital Accounts shall be reduced by allocations of losses under Section 10.3A.
8. Capital Accounts shall be reduced by allocations of losses under Section 10.3B.
9. Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.99% interest in profits of the Partnership and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.
H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any fiscal year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4).

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

ARTICLE XI

Management Agent

Section 11.1. Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Agency to manage the Project in accordance with the requirements of each Lender and Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Alpha-Barnes Real Estate Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 4% of gross rental income or the maximum amount permitted by any relevant Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable governmental agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,
(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a "qualified low-income housing project" under Section 42(g) of the Code or any of the Low Income Units in the Project ceases to qualify as a "low income unit" under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.
ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each fiscal year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement under which such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each fiscal year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partners shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partners shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within forty-five (45) days after the end of such fiscal year. The General Partners shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partners fail to complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner

BOS1 #1357793 v4

- 67 -
within such time periods, shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership’s fiscal year, the General Partners shall pay as damages the sum of $250 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Investor Limited Partner until such Schedule K-1, and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partners and failure to so pay shall constitute a default of the General Partners under Section 6.3C. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to the Incentive Management Fee and any Cash Flow. Such payments of the Incentive Management Fee and Cash Flow shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Incentive Management Fee and Cash Flow otherwise due to the General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partners shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each fiscal year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such fiscal year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the
amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any governmental entity, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the governmental entity and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Agency or Lender promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current fiscal year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the credit period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.
J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a "Radon Report") for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association ("NEHA") National Radon Proficiency Program or (b) The National Radon Safety Board ("NRSB"). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything
to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5. Fiscal Year

The fiscal year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by teletypewriter or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to a Partner, at its address set forth in the Schedule, with copies to MMA Mesquite Senior Community, LLC, c/o MMA Financial, LLC, 101 Arch Street, Boston, Massachusetts 02110, Attention: Investor Services Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq., Coats, Rose, Yale, Ryman & Lee, 800 First City Tower, 1001 Fannin Street, Houston, TX 77002; Cynthia Bast, Esq., Locke Liddell & Sapp LLP, 100 Congress Avenue, Suite 300, Austin, TX 78701; and if to the Servicing Agent or Bond Lender, Attn: Director, Asset Management, MuniMae Portfolio Services, LLC, 218 N. Charles St., 5th Floor, Baltimore, MD 21201.

Section 13.2. Word Meanings

The words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to “Sections” or “Articles” are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.


The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.
Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Dallas, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall
be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

   (i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Dallas County of the State of Texas or the courts of the United States located in Dallas, Texas;

   (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

   (iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

   (iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9. Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the Filing Office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.
Section 13.11. Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.

Section 13.13. Amendment

This Agreement may be amended by the General Partner with the Consent of the Investor Limited Partner and the Class B Limited Partner.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: PWA-MESQUITE GP, LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: 
Name: MICHAEL R. ANDERSON
Title: CHIEF OPERATING OFFICER

INVESTOR LIMITED PARTNER: MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, by its managing member, Midland Equity Corporation, a Florida corporation

By: 
Marie H. Keutmann, Principal

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: 
Marie H. Keutmann, Principal

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: 
Bradley Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: 
Don Maison

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: 
Bradley Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: PWA-MESQUITE GP, LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: ____________________________
Name: __________________________
Title: __________________________

INVESTOR LIMITED PARTNER: MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, by its managing member, Midland Equity Corporation, a Florida corporation

By: ____________________________
Name: Marie H. Keutmann, Principal
Title: __________________________

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: ____________________________
Name: Marie H. Keumann, Principal
Title: __________________________

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ____________________________
Name: Bradley Forslund, President
Title: __________________________

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: ____________________________
Name: __________________________
Title: __________________________

DEVELOPER (for purposes of Section 7.7)

By: ____________________________
Name: Bradley Forslund, President
Title: __________________________
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER:

PWA-MESQUITE GP, LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: ____________________________
Name: ___________________________
Title: ___________________________

INVESTOR LIMITED PARTNER:

MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, by its managing member, Midland Equity Corporation, a Florida corporation

By: ____________________________
Marie H. Keutmann, Principal

SPECIAL LIMITED PARTNER:

MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: ____________________________
Marie H. Keutmann, Principal

CLASS B LIMITED PARTNER:

CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ____________________________
Bradley Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: ____________________________
Don Maison

DEVELOPER (for purposes of Section 7.7)

CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: ____________________________
Bradley Forslund, President
Exhibit A

PWA-MESQUITE SENIOR COMMUNITY, LP

SCHEDULE OF PARTNERS

As of August 1, 2003

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PWA-Mesquite GP, LLC</td>
<td>$100</td>
<td>100%</td>
</tr>
<tr>
<td>800 N. Lancaster Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas, TX 75203</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 941-0523 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 941-8133 (Fax No.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **CLASS B LIMITED PARTNER:** | $10.00 | 100% |
| Churchhill Residential, Inc.|       |      |
| 2811 McKinney Avenue, Suite 354, |     |      |
| LB 101                       |       |      |
| Dallas, TX 75204             |       |      |
| (214) 720-0430 (Telephone No.) |      |      |
| (214) 720-0434 (Fax No.)    |       |      |

| **SPECIAL LIMITED PARTNER:** | $10.00 | 100% |
| MMA Special Limited Partner, Inc.| |      |
| 101 Arch Street               |       |      |
| Boston, MA 02110              |       |      |
| (617) 439-3911 (Telephone No.) |       |      |
| (617) 439-9978 (Fax No.)     |       |      |

| **INVESTOR LIMITED PARTNER:** | $3,753,000* | 100% |
| Prior to the Initial Transfer Date: |       |      |
| MMA Financial Bond Warehousing, LLC |       |      |
| 101 Arch Street                |       |      |
| Boston, MA 02110               |       |      |
| (617) 439-3911 (Telephone No.) |       |      |
| (617) 439-9978 (Fax No.)      |       |      |

| Following the Initial Transfer Date: |       |      |
| MMA Mesquite Senior Community, LLC |       |      |
| 101 Arch Street                  |       |      |
| Boston, MA 02110                 |       |      |
| (617) 439-3911 (Telephone No.)   |       |      |
| (617) 439-9978 (Fax No.)         |       |      |

*Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR PWA-MESQUITE SENIOR COMMUNITY, LP

List of Related Agreements:

1. Partnership Agreement
2. Development Agreement
3. Incentive Management Agreement
4. Investment Assumptions
5. Guaranty Agreement
6. Closing Certificate
7. Opinion of Local Counsel
8. ALTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of Construction Loan closing, if later) in amount of $14,753,000 with any and all relevant endorsements available in Texas
9. Tax Credit Approval
10. Balance Sheet of Partnership (unaudited, dated as of closing date)
11. Financial Statements of General Partner (dated not earlier than December 31, 2002)
13. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement)
14. Evidence of Lender/Agency required consents satisfactory to the Investor Limited Partner.
15. Environmental Site Assessment satisfactory to the Investor Limited Partner.
17. Marketing Study satisfactory to the Investor Limited Partner.
Exhibit C

Insurance Requirements

(i) The General Partners shall cause the Partnership to maintain the following insurance types and coverages:

(1) “all risk” builders risk insurance satisfactory to the Special Limited Partner covering all property to be incorporated into the completed Project, whether under construction, stored on or off the Land or in transit, in an amount of not less than the full completed value of the Project (including architectural fees). Such insurance shall be written on a completed value form, may be subject to a per loss deductible not to exceed $10,000 and shall be specifically endorsed to provide coverage for the cost of any total or partial demolition of the Project required by law. Additional coverages shall be provided as follows for Projects located as set forth below:

(a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as determined by independent engineers retained by the Special Limited Partner; or

(b) if the Project is located within ten miles off the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project's total insured value; and

(c) if the Project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any subdesignation of Zone “A”), National Flood Insurance Plan (NFIP) coverage is required with a deductible no greater than $500 per building. This coverage shall be obtained in addition to the “all risk” property insurance described in subparagraph (1) above;

the insurance described in this subparagraph (1) shall remain in force for the benefit of the Partnership until the Completion Date shall have occurred and the insurance coverage described in subsection (iv) below shall be in place;

(2) commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate; and
(3) excess or umbrella liability insurance in an amount of not less than $5,000,000 (combined single limit), the terms of which shall follow the form of a general liability coverage specified in subparagraph (2) above.

(ii) The General Partners shall cause the Builder to obtain and maintain the following insurance types and coverages:

(1) commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit), $2,000,000 general policy aggregate and $1,000,000 product-completed operations aggregate. Such aggregate amounts of insurance shall apply separately to the Project. The Builder's commercial liability insurance shall apply as primary insurance with respect to any other insurance maintained by the Partnership and shall specifically name the Partnership and MMA Mesquite Senior Community, LLC as additional insureds;

(2) contractors professional liability in an amount of not less than $1,000,000 in the aggregate;

(3) comprehensive automobile insurance in an amount of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate covering liability arising out of any owned, non-owned or hired vehicle utilized by the Builder in conjunction with the Project;

(4) workers compensation insurance providing statutory benefits to all employees of the Builder and employer's liability coverage in an amount of not less than $500,000; and

(5) excess or umbrella liability in an amount of not less than $5,000,000 (combined single limit) which follows the form of all underlying liability insurance (excepting contractors professional liability) maintained by the Builder pursuant to this Agreement.

(iii) The General Partners shall use their best efforts to assure that the Builder shall cause each of its subcontractors to purchase and maintain insurance of the types specified in subparagraph (ii) above. The General Partners shall obtain from the Builder copies of certificates of insurance evidencing such coverage for each such subcontractor.

(iv) Commencing on the Completion Date and at all times thereafter, the General Partners shall cause the Partnership to maintain the following insurance types and coverages:

(1) "all risk" property insurance in an amount of not less than the minimum amount required by any Lender, or the full replacement cost of all real and personal property, whichever is greater. Such contract of insurance shall include loss of rents coverage in an amount of not less than the Project's currently projected annual gross rent, an agreed amount endorsement covering all property and rental values and a standard building laws endorsement, including coverage
for building ordinance compliance, demolition and increased cost of construction, and shall be subject to a per loss deductible not to exceed $10,000. Additional coverages shall be provided as follows for Projects located as set forth below;

(a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as determined by independent engineers retained by the Special Limited Partner; or

(b) if the Project is located within ten miles of the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project's total insured value; and

(c) if the Project is located within a 100-year flood plain (FEMA Flood Zone “A” - or any subdesignation of Zone “A”), National Flood Insurance Plan (NFIP) coverage is required with a deductible no greater than $500 per building. This coverage shall be obtained in addition to the “all risk” property insurance described in subparagraph (1) above.

(d) the above “all risk” policy shall not contain any exclusion for acts of terrorism. If the above policy contains such an exclusion, the Partnership shall obtain separate insurance covering any such exclusion for terrorist acts, provided that such coverage is available in the marketplace, purchased by similar properties in the same region, and available at a commercially reasonable price.

(2) commercial general liability insurance, issued in the name of the Partnership, in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate;

(3) workers compensation insurance providing statutory benefits for all employees of the Partnership, and employer’s liability insurance for the benefit of the Partnership in an amount of not less than $1,000,000;

(4) obtain and maintain a contract of comprehensive automobile insurance, including non-owned automobile liability, for the benefit of the Partnership in an amount not less than $1,000,000 (combined single limit); and

(5) obtain and maintain a contract of excess or umbrella liability insurance in an amount not less than $5,000,000 (combined single limit), which follows the form of all underlying liability contracts and is issued in the name of the Partnership.
(v) The General Partners shall cause the Management Agreement to require that the Management Agent obtain and maintain at all times with respect to the Project the insurance coverage as required in clauses (i) - (iv) above, to the extent that the General Partners have not arranged for such coverage and to require that the Management Agent maintain:

(1) a policy of commercial general liability insurance in amounts not less than $1,000,000 per occurrence and $2,000,000 in the aggregate which shall name the Partnership as an additional insured;

   (a) the above commercial general liability policy shall contain no exclusion for mold or other bacterial contaminants. If the policy does contain such exclusion, the Partnership shall secure coverage for these exclusions by buying back the coverage from the liability carrier or purchasing an environmental liability policy that does not contain this exclusion.

(2) worker's compensation coverage for that company's employees;

(3) employee dishonesty coverage in the amount of $500,000;

(4) comprehensive automobile liability insurance (where applicable) in an amount not less than $1,000,000 (combined single limit); and

(5) property manager's professional errors and omissions insurance in an amount not less than $1,000,000 (the Management Agent shall provide the General Partners with evidence of the required coverage in the form of current certificates of insurance for as long as the Management Agreement shall remain in force).

All of the insurance policies required by this Exhibit C shall (a) be written by insurance companies holding a Standard & Poor's claims paying ability rating of A or better, and which are licensed to do business in the State where the Project is located, or obtained through a duly authorized surplus line insurance agent or otherwise in conformity with the laws of such State, with a rating of not less than the third (3rd) highest rating category by any one of the Rating Agencies or with an A.M. Best Company, Inc. rating of <A> or higher and a financial size category of not less than VII or a rating of at least BBBq in the Insurer Solvency Review published by Standard & Poor's; (b) specifically identify the Investor Limited Partner as a named additional insured with the Partnership as the named insured; and (c) include a provision requiring the insurance company to notify the Investor Limited Partner in writing no less than thirty (30) days prior to any cancellation, non-renewal or material change in the terms and conditions of coverage. In addition, the General Partners shall provide the Investor Limited Partner with certified copies of all insurance contracts required by this Section 6.4A within thirty (30) days of their inception and subsequent renewals.

The General Partners shall review regularly all of the Partnership and Project insurance coverage to insure that it is adequate. In particular, the General Partners shall review at least
annually the insurance coverage required hereunder to insure that it is in an amount at least equal to the then current full replacement value of the Improvements.

Without limitation of the foregoing, the General Partners shall deliver to the Investor Limited Partner on or before the date of Investment Closing one or more certificates or memoranda or insurance, in form reasonably acceptable to the Investor Limited Partner, evidencing, (i) the existence of the insurance policies and coverages specified above, (ii) that the Partnership and its Partners (including the Investor Limited Partner and Special Limited Partner) are named insureds on such policies, and (iii) that such insurance policies will not be cancelled by the insurers except within thirty (30) days' written notice to the Investor Limited Partner. From time to time following Investment Closing, the General Partners shall deliver to the Investor Limited Partner such further certificates or memoranda of insurance as the Investor Limited Partner may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with.
Exhibit D

PWA-MESQUITE SENIOR COMMUNITY, LP

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the "General Partners") of PWA-MESQUITE SENIOR COMMUNITY, LP, a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC, a Maryland limited liability company and its successors and assigns (the "Investor Limited Partner"), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the "Partnership Agreement"), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: ____________________
Name: ____________________
Title: ____________________
DETERMINATION OF BREAKEVEN REQUIREMENT FOR DEVELOPMENT OBLIGATION DATE

MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110
Attention: Asset Management

Re: PWA-Mesquite Senior Community, LP, a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2003 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Mesquite Senior Community, an apartment complex located in Mesquite, Texas (referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit E

PWA-MESQUITE SENIOR COMMUNITY, LP

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $751,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Ninety (90) days have passed after the Admission Date.

4. The 25% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: __________________________
Name: _________________________
Title: __________________________
Exhibit F

PWA-MESQUITE SENIOR COMMUNITY, LP

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $751,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) Days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: ___________________
Name: ___________________
Title: ___________________
Exhibit G

PWA-MESQUITE SENIOR COMMUNITY, LP

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $563,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited
liability company,

By: PWA Coalition of Dallas, Inc., a Texas
non-profit corporation, its member

By: _______________________
Name: _______________________
Title: _______________________

Exhibit H

PWA-MESQUITE SENIOR COMMUNITY, LP

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $188,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Annual Credit and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. The Partnership has achieved a Debt Service Coverage Ratio of 110% for each of three (3) consecutive months, as evidenced by the attached determination letter.

6. The achievement of the 90% Occupancy Date for ninety consecutive days has occurred.

7. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

8. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

9. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

10. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

11. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.
Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: ____________________
Name: ____________________
Title: ____________________
MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110
Attention: MMAF Asset Management

Re: PWA-Mesquite Senior Community, LP, a Texas limited partnership
(the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership among MMA Financial Bond Warehousing, LLC, a Maryland limited liability company ("MMAF") and other parties dated as of August 1, 2003 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Mesquite Senior Community (an apartment complex located in Mesquite, Texas, referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through ________ 200_ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Annual Credit properly allocable to MMAF as the Investor Limited Partner will be approximately $_______.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.
In making these determinations, we have assumed that 100% of the apartment units in the Project will be “low-income units” as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: PWA Mesquite Senior Community, LP, a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the Amended and Restated Agreement of
Limited Partnership of the Partnership dated as of August 1, 2003 (the “Partnership Agreement”).
Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the
Partnership Agreement.

Using information provided to us by the Partnership concerning Mesquite Senior
Community (an apartment complex located in Mesquite, Texas referred to herein as the “Project”),
we have performed the following procedures:

We have compiled a statement of income and expenses for the ____ months ended
__________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the
year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal
or irregular nature which might reasonably be expected to be incurred on an unequal basis during a
full annual period of operations. (Examples of such expenditures include debt service, reserve
funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have
made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the
assumptions used and the information provided to us by the Partnership and the management agent.

We have determined that the Partnership, for a period of ______ calendar months (and
during each individual month) beginning on _______ 20__ (which date is subsequent to Final
Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to
our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ______________________________
Exhibit I

PWA-MESQUITE SENIOR COMMUNITY, LP

SIXTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $188,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 115% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Permanent Mortgage Commencement has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: _____________________
Name: _____________________
Title: _____________________
DETERMINATION OF DEBT SERVICE COVERAGE RATIO

MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: PWA Mesquite Senior Community, LP, a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 1, 2003 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Mesquite Senior Community (an apartment complex located in Mesquite, Texas referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the ____ months ended ________ 20___.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.

We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on _________ 20__ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to
our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: __________________________
Exhibit J

PWA-MESQUITE SENIOR COMMUNITY, LP

SEVENTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 1, 2003 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $186,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
______________, 20__.

PWA-MESQUITE GP, LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its member

By: __________________
Name: __________________
Title: __________________
Exhibit K

PWA-MESQUITE SENIOR COMMUNITY, LP

INITIAL TRANSFER AGREEMENT

Initial Transfer Agreement (the "Agreement") dated as of the date set forth at the foot hereof (the "Effective Date"), by and among MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company (the "Assignor"); PWA-MESQUITE SENIOR COMMUNITY, LP, a Texas limited partnership (the "Partnership"); PWA-MESQUITE GP, LLC, a Texas limited liability company in its capacity as the general partner of the Partnership (the "General Partner"); Churchill Residential, Inc., a Texas corporation (the "Class B Limited Partner"); MMA MESQUITE SENIOR COMMUNITY, LLC, a Delaware limited liability company (the "Assignee") and LHTE EQUIPMENT, LLC, a Texas limited liability company, as guarantor (the "Guarantor").

WHEREAS, Assignor serves as Investor Limited Partner in the Partnership pursuant to an Amended and Restated Agreement of Limited Partnership of the Partnership dated as of __________ , 200_ (the "Partnership Agreement") and certain Related Agreements;

WHEREAS, Assignor wishes to assign its Investor Limited Partner interest (the "ILP Interest") to the Assignee;

WHEREAS, Section 8.1E of the Partnership Agreement specifically contemplates the transfer by Assignor of the ILP Interest to Assignee and acknowledges the consent of all Partners thereto;

WHEREAS, Section 8.2 of the Partnership Agreement acknowledges that the Assignee, as transferee of the ILP Interest pursuant to this Initial Transfer Agreement, shall be automatically substituted as the Investor Limited Partner of the Partnership on the Effective Date;

WHEREAS, Assignor wishes to assign the ILP Interest to the Assignee, as of the Effective Date, and the Assignee wishes to accept such assignment of the ILP Interest for the consideration and upon the terms and conditions hereinafter set forth above;

WHEREAS, the Assignee is willing to undertake all of the obligations of Assignor under the Partnership Agreement and the Related Agreements relating to the ILP Interest (the "ILP Obligations"); and

WHEREAS, the Partnership, the General Partners, the Class B Limited Partner and the Guarantor desire to acknowledge such undertaking of the ILP Obligations by the Assignee and to release the Assignor from the ILP Obligations;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration hereinafter described, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Partnership Agreement.
Assignor hereby assigns to Assignee and Assignee hereby accepts from Assignor, all of Assignor's right, title and interest in and to the ILP Interest, consisting of Assignor’s right to allocations of profits, gain, income and losses and tax credits and all items entering into the computation thereof, and to distributions of cash, however denominated, under the Partnership Agreement with respect to the ILP Interest.

In consideration of the assignment effected hereby, Assignee hereby assumes and agrees to discharge all of the ILP Obligations. In addition, Assignee shall promptly reimburse Assignor for all Capital Contributions heretofore made by Assignor to the Partnership in its capacity as Investor Limited Partner and for such other expenditures heretofore incurred by Assignor relating to its acquisition of the ILP Interest as Assignor and Assignee shall mutually determine.

The Partnership, the General Partners, the Class B Limited Partner, and the Guarantor hereby (i) acknowledge the assignment of the ILP Interest and assumption by the Assignee of the ILP Obligations pursuant to this Agreement and (ii) agree to release Assignor from the ILP Obligations. The General Partners and the Class B Limited Partner hereby acknowledge and confirm the admission of the Assignee for all purposes as a Substitute Investor Limited Partner under Section 8.2 of the Partnership Agreement.

By its execution hereof, the Assignee hereby agrees to become a Substitute Investor Limited Partner of the Partnership and, subject to the foregoing provisions of this Agreement, agrees to be bound (to the same extent as Assignor was bound) by the Project Documents and by the provisions of the Partnership Agreement and Related Agreements as they relate to the ILP Interest.

The parties hereto hereby confirm the continuing validity and enforceability of the Partnership Agreement and each of the Related Agreements, acknowledging that the Assignee shall succeed to all rights and obligations of Assignor thereunder with respect to the ILP Interest as of the Effective Date. This provision shall be construed to amend the Partnership Agreement and each of the Related Agreements to the extent necessary to give effect to the provisions of this Agreement. Without limitation of the foregoing, Exhibit A to the Partnership Agreement is hereby amended by the Revised Exhibit A attached hereto.

The parties agree that the assignment of the ILP Interest and the other transactions effected hereby shall be effective for all purposes as of the Effective Date. The General Partners hereby confirm that all Requisite Approvals to the effectiveness of the transactions described in this Agreement have been obtained.

In accordance with Section 8.1 of the Partnership Agreement, the parties hereto agree to cooperate in good faith to effect any further amendments to the Partnership Agreement, Related Agreements or Project Documents and to take such other steps as may be necessary or appropriate in order to more fully reflect and further evidence the assignment of the ILP Interest and the other transactions effected hereby.

This instrument may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties have not signed the original or the same counterpart.
ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Eric

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Boston Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Mesquite, Mesquite Texas
Churchill at Commerce, Commerce Texas
Evergreen at Hulen Bend, Fort Worth, Texas
Evergreen at Lewisville, Lewisville, Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Mesquite

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent: Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
January __, 2019

VIA E-MAIL TRANSMISSION

PWA-Mesquite GP, LLC
400 S. Zang Blvd., Ste. 610
Dallas, TX 75208

Re: PWA-Mesquite Senior Community, LP – Evergreen at Mesquite, Mesquite, TX

Dear Sir or Madame:

Reference is hereby made to that certain First Amended and Restated Agreement of Limited Partnership of PWA-Mesquite Senior Community, LP, a Texas limited partnership (the “Partnership”), dated as of August 1, 2003 (as amended by an Initial Transfer Agreement, the “Partnership Agreement”), by and among PWA-Mesquite GP, LLC, as the General Partner and MMA Mesquite Senior Community, LLC, as the Investor Limited Partner. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Partnership Agreement.

The General Partner has requested the Consent of the Investor Limited Partner to the Property’s participation in the Texas Department of Housing and Community Affairs’s Section 811 Project Rental Assistance Program (the “Section 811 Program”), as required by Section 6.1B(vi) of the Partnership Agreement.

Please be advised that the Investor Limited Partner underwrote and closed its investment in the Partnership and the Property without contemplation of any residential units being subject to the Section 811 Program requirements and without an evaluation of the potential impact of this Section 811 Program on the Property, the Partnership and the Investor Limited Partner. Accordingly, the Investor Limited Partner does not consent to the Partnership’s participation in the Section 811 Program.

Very truly yours,

MMA Mesquite Senior Community, LLC

By: West Cedar Managing, Limited Partnership, its Manager
By: BFRP-WCM, LLC, its General Partner

By:

Michael H. Gladstone
Authorized Agent
No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO COVER PAGES
   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);
   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND
   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Churchill at Commerce

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Boston Financial Investment Management, LP

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 32 & 33 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
COMMERCE FAMILY COMMUNITY, L.P.

SECOND AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of April 28, 2005
# TABLE OF CONTENTS

ARTICLE I DEFINED TERMS ................................................................. 1

ARTICLE II CONTINUATION; NAME; AND PURPOSE .................................. 18

  Section 2.1. Continuation ................................................................ 18
  Section 2.2. Name and Office; Agent for Service................................. 18
  Section 2.3. Purpose ....................................................................... 18
  Section 2.4. Authorized Acts ............................................................ 19

ARTICLE III TERM AND DISSOLUTION .................................................. 20

ARTICLE IV PARTNERS; CAPITAL ......................................................... 21

  Section 4.1 General Partners ............................................................. 21
  Section 4.2 Limited Partners .............................................................. 21
  Section 4.3 Partnership Capital and Capital Accounts ......................... 21
  Section 4.4 Withdrawal of Capital ...................................................... 22
  Section 4.5 Liability of Limited Partners ............................................. 22
  Section 4.6 Additional Limited Partners ............................................. 22
  Section 4.7 Agreement to be Bound by Documents ............................. 23

ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER .... 23

  Section 5.1 Installments of Capital Contributions ................................ 23
  Section 5.2 Adjustment to Capital Contributions of Investor Limited Partner 25
  Section 5.3 Repurchase of Investor Limited Partner’s Interest ................ 27
  Section 5.4 Default of Investor Limited Partner ................................... 29
  Section 5.5 Redemption of Partnership Interest .................................... 31

ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS ...... 31

  Section 6.1 Restrictions on Authority ................................................ 31
  Section 6.2 Tax Matters Partners ...................................................... 33
  Section 6.3 Business Management and Control; Designation of Managing General Partner; Certain Rights of the Special Limited Partner .............. 35
  Section 6.4 Duties and Obligations of the General Partners and Class B Limited Partner ................................................................. 36
  Section 6.5 Representations, Warranties and Covenants; Certain Indemnities 39
  Section 6.6 Indemnification ............................................................... 44
  Section 6.7 Liability of General Partners to Limited Partners ................ 45
  Section 6.8 Certain Obligations of the Developer ................................... 46
  Section 6.9 Obligation to Provide for Operating Expenses ...................... 46
  Section 6.10 Certain Payments to the General Partners and Affiliates ....... 47
  Section 6.11 Joint and Several Obligations ........................................ 48
  Section 6.12 Reserve Accounts ......................................................... 48

ARTICLE VII WITHDRAWAL OF A GENERAL PARTNER; NEW GENERAL PARTNERS ................................................................. 48

  Section 7.1 Voluntary Withdrawal .................................................... 48
  Section 7.2 Obligation to Continue .................................................... 49
COMMERCE FAMILY COMMUNITY, L.P.

SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP dated as of April 28, 2005 among LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation, as Special Limited Partner; MMA CHURCHILL AT COMMERCE, LLC, a Delaware limited liability company, as Investor Limited Partner; and CHURCHILL RESIDENTIAL, INC., a Texas corporation as Class B Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to an Agreement of Limited Partnership dated as of October 20, 2004 (the “Original Partnership Agreement”), and a Certificate of Limited Partnership dated as of October 20, 2004 and filed with the Office of the Secretary of State of the State of Texas (the “Filing Office”) on October 22, 2004 which was amended by that certain Amended and Restated Certificate of Limited Partnership dated as of April 28, 2005 which was filed with the Filing Office on April 15, 2005 (as amended, the “Certificate”). The Original Partnership Agreement was amended by that certain Amended and Restated Agreement of Limited Partnership dated as of October 28, 2004 in which MMA Special Limited Partner, Inc. was admitted as the Class A Limited Partner, Churchill Residential, Inc. was admitted as the Class B Limited Partner, and Bradley E. Forslund withdrew as the original limited partner (the Original Partnership Agreement, as amended to date, is herein collectively called the “Existing Partnership Agreement”).

The purposes of this amendment to, and restatement of, the Existing Partnership Agreement are to (i) admit the Investor Limited Partner as a Partner; (ii) provide for the re-characterization of MMA Special Limited Partner, Inc. from the Class A Limited Partner to the Special Limited Partner; and (iii) to set out more fully the rights, obligations and duties of the Partners.

Now, therefore, it is agreed and certified, and the Existing Partnership Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public accountants as may be engaged by the General Partners with the Consent of the Investor Limited Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Tax Credit Amount” means the product of (i) 99.98% and (ii) the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for
the Property) for the entire Credit Period, as such amount may be increased or decreased as a result of a subsequent determination by the Accountants, a Final Determination or a Recapture Event.

"Adjustment Fraction" means a fraction separately determined as to each Fiscal Year, the numerator of which shall be the Consumer Price Index most recently published before the end of such Fiscal Year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys' fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person.

"Agreement" means this Second Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.

"Assignment" shall mean any assignment, transfer or sale, and the words "assign," "assignee" and "assignor" shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.
"Breakeven" means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants, the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies.

"Builder" means collectively, ICI Construction, Inc. as the subcontractor and LifeNet Community Behavioral Healthcare, as the contractor, and their successors.

"Building Permits" means any and all building permits needed to construct all of the Buildings constituting the Project in the manner set forth in the approved plans and specifications.

"Buildings" means the nine (9) buildings to be located on the Land which, in the aggregate, will contain 100 dwelling units upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner’s share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash, and fair market value of property other than cash, contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term “Capital Contribution” shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of
all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loans) and contributions of capital to the Partnership by the Partners.

"Cash Available for Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, the excess of (i) all Cash Receipts during such period over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry revenue, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business income and extra expense insurance or business income rental value insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Partnership for such Fiscal Year.

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"Class B Limited Partner" means Churchill Residential, Inc., a Texas corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Governmental Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to
allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete; or (iv) the date that TXU Electric Delivery Company (formerly known as Texas Power & Light Co.) has provided a written release of the easement recorded in Volume 485, pg. 422, Hunt County Deed Records. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Consultant" means Kimbell Compliance Consulting initially, or such other entity as shall be consented to by the Investor Limited Partner.

"Compliance Consultant Agreement" means such agreement, as may be entered into from time to time, by and between the Partnership or the Class B Limited Partner and the Compliance Consultant pursuant to which the Compliance Consultant is to provide certain supplemental management services with respect to the Project.

"Compliance Period" means the period described in Section 42(i) of the Code.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership's development and related costs for purposes of establishing the amount of Federal Tax Credits available to the Project.

"Credit Agency" means the Texas Department of Housing and Community Affairs.
"Credit Allocation" means the Carryover Allocation dated December 28, 2004 providing for an allocation of tax credits to the Project.

"Credit Period" means the entire period during which the "credit period" described in Section 42(f)(1) shall be applicable to any Building.

"Credit Reservation" means the 2004 Housing Tax Credit Commitment Notice effective September 9, 2004 providing for a reservation of tax credits to the Project.

"Cumulative Priority Distribution" means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

"Debt Service Coverage Ratio" means, for any period of three (3) consecutive calendar months beginning not earlier than Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants’ determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

"Deferred Development Fee" has the meaning attributed thereto in the Development Agreement.

"Designated Prime Rate" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.

"Designated Proceeds" means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable
Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"Determination Date" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"Developer" means Churchill Communities, L.P., a Texas limited partnership.

"Development Advances" has the meaning set forth in the Development Agreement.

"Development Agreement" means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

"Development Amount" has the meaning attributed thereto in the Development Agreement.

"Development Costs" means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Governmental Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

"Development Obligation Date" means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3) consecutive calendar months, or (iv) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.

"Document Schedule" means the Schedule of Documents attached hereto as Exhibit B.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.3B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.
"Eligible Development Costs" means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Environmental Reports" means that certain Phase I Environmental Site Assessment Update prepared by Butler Burgher Environmental, LLC dated October 11, 2004 and that certain Geotechnical Exploration prepared by Alpha Testing, Inc. dated September 24, 2004.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Fannie Mae" means Fannie Mae and its successors.

"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Code.
“50% Completion Date” means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is at least 50% complete (based on the ratio of the cost of completed items under the Construction Contract to the total Construction Contract amount, taking into account change orders and other revisions, as of the date of such certification). Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

“Final Closing” means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) Permanent Mortgage Commencement, (iii) the Project’s being free of any mechanics’ or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel (or by an endorsement of either such title policy)), (iv) the completion by the Accountants of a certified audit of the Partnership’s and the Builder’s construction costs as a part of cost certification to the extent required by the Lenders and the Governmental Agency, (v) the submission of such cost certification by the Lenders and the Governmental Agency to the extent required by the Lenders and the Governmental Agency, (vi) the disbursement of proceeds under the Mortgage Loans has been made in the full amount permitted by such cost certification, and all amounts due in connection with the construction of the Project have been paid or provided for, and (vii) the full funding of any reserves required under the Mortgage Loan Documents and this Agreement.

“Final Determination” means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.
"First Mortgage Loan" means the construction loan in the original principal amount of $4,234,435, which will be paid down to a permanent loan in an amount up to $2,813,000 to be made by the First Mortgage Lender.

"First Mortgage Loan Agreement" means the Loan Agreement dated as April 28, 2005 by and between the Partnership and the First Mortgage Loan Lender relating to the disbursement of the First Mortgage Loan.

"First Mortgage Loan Deed of Trust" means the Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing to be granted by the Partnership to the First Mortgage Loan Lender to secure the First Mortgage Loan.

"First Mortgage Loan Documents" means the First Mortgage Loan Note, the First Mortgage Loan Deed of Trust, the First Mortgage Loan Agreement and all other documents executed by the Partnership or the General Partner in connection with the First Mortgage Loan.

"First Mortgage Loan Lender" means (i) MMA Construction Finance, LLC, a Maryland limited liability company with respect to the construction phase of the First Mortgage Loan and, (ii) upon the date on which all of the permanent loan conditions have been satisfied and the construction portion of the First Mortgage Loan is repaid pursuant to the terms of the First Mortgage Loan Documents, MMA Financial, LLC, for itself and/or its affiliates, its successors, transferees or assigns with respect to the permanent phase of the First Mortgage Loan.

"First Mortgage Loan Note" means the Multifamily Note in the original principal amount of $4,234,435 with respect to the construction portion of the loan and up to $2,813,000 with respect to the permanent portion of the loan issued by the Partnership to the First Mortgage Loan Lender to evidence the First Mortgage Loan.

"Fiscal Year" means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

"Fleet Pledge" has the meaning attributed thereto in Section 8.1D.

"General Partners" means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Governmental Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Guarantor" means LHTE Equipment, LLC, a Texas limited liability company.

"Guaranty Agreement" means the guaranty as of April 28, 2005, made by the Guarantor in favor of the Investor Limited Partner.
"Hazardous Material" means and includes any pollutant or contaminant or any hazardous, toxic or radioactive waste, substance or material, including without limitation those listed in or regulated under any Hazardous Waste Laws, polychlorinated biphenyls, petroleum, petroleum-based or petroleum-derived products, mold, and asbestos or asbestos-containing materials.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"Improvements" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

"Incentive Management Agreement" means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

"Incentive Management Fee" means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.

"Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner, Special Limited Partner and Class B Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.

"Inspecting Architect" means GTF Design Associates, Inc., or any successor to such firm.

“Interest,” or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

“Investment Assumptions” means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.

“Investment Closing” means the date of delivery of this Agreement.

“Investor Limited Partner” means MMA Churchill at Commerce, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1D, and their respective successors in such capacity.

“Investor Tax Counsel” means Holland & Knight LLP, of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“Land” means the parcels of land on which the Improvements are located in Commerce, Texas, as described in the Mortgage.

“Lender” means the First Mortgage Loan Lender.

“Limited Partner” or “Limited Partners” mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person’s capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

“Low Income Unit” means any of the 90 dwelling units in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

“Management Agent” means Churchill Residential Management, L.P., in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

“Management Agreement” means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

“Management Fee” means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.
“Managing General Partner” means any Managing General Partner designated as provided in Section 6.3B.

“Material Default” has the meaning set forth in Section 7.7B.

“MMA” means MMA Financial TC Corp., a Delaware corporation, and its successors.

“Mortgage” means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and “foreclose” and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

“Mortgage Loans” means the First Mortgage Loan.

“Mortgage Loan Commitment” means collectively the two commitments of the First Mortgage Loan Lender to (i) make the construction loan of up to $4,234,435 and (ii) make the permanent loan of up to $2,813,000 upon the repayment of the construction portion of the First Mortgage Loan.

“Mortgage Loan Documents” means the First Mortgage Loan Documents.

“Net Capital Contribution” means $6,544,000.

“Note” means and includes any promissory note from the Partnership to a Lender evidencing indebtedness, and shall also mean and include any promissory note supplemental to said original promissory note issued to a Lender or any promissory note issued to a Lender in substitution for any such original promissory note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.
"Other Development Costs" means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor’s right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Coats, Rose, Yale, Ryman & Lee, P.C., of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1B(i).

"Permanent Loan" means the permanent loan to be made by the First Mortgage Lender in the principal amount of up to $2,813,000 pursuant to the terms of the First Mortgage Loan Documents.

"Permanent Mortgage Commencement" means the date upon which all of the permanent loan conditions have been satisfied and the principal amount and date of maturity of the Permanent Loan has been finally determined pursuant to the terms of the First Mortgage Loan Documents.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Priority Distribution" means, as to any Fiscal Year of the Partnership, the product of the "Applicable Amount" times the Adjustment Fraction determined in accordance with the
following sentence. The “Applicable Amount” shall be zero until the Completion Date and $3,000 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

“Project” or “Property” means the Land and the Improvements.

“Project Documents” means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Allocation, the Tax Credit Application, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

“Projected Aggregate Federal Tax Credit Amount” means $7,270,670 which is the product of (i) 99.98% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Tax Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term “Projected Aggregate Federal Tax Credit Amount” shall mean the Adjusted Aggregate Federal Tax Credit Amount, provided that any required adjustment(s), payment(s) or Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

“Qualified Income Offset Item” means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner’s interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner’s Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

“Qualified Tenant” means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

“Recapture Event” means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership’s Federal Tax Credits under Section 42(c) of the Code or other applicable provisions of law and/or which results in a disallowance of any Federal Tax Credits previously claimed by the Partnership.

“Regulations” means the rules and regulations of any Governmental Agency which are applicable to the Project or the Partnership.
"Regulatory Agreement" means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Partnership and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.

"Related Agreements" means each agreement, report, assessment, statement and certificate referred to in the Document Schedule.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Removal Notice" shall have the meaning set forth in Section 7.7.

"Removal Notice Date" shall have the meaning set forth in Section 7.7.

"Replacement Reserve" means the replacement reserve in the amount of $200 per unit per year to be established pursuant to Section 6.12.

"Requisite Approvals" means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Partnership.

"Retirement" (including the forms "Retire" and "Retired") means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is an Entity (an "Entity General Partner") also will be deemed to have Retired upon the sale or other disposition (except by reason of death) of a controlling interest in such Entity General Partner. Without limitation of the foregoing, any of the foregoing events occurring as to an individual or Entity which directly or indirectly holds a controlling interest in an Entity General Partner shall also be deemed to constitute the Retirement of any such Entity General Partner. For purposes of this definition, "controlling interest" shall mean the power to direct the management and policies of such Entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Schedule" means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

"Service" means the Internal Revenue Service.

"75% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is at least 75% complete (based on the ratio of the cost of completed items under the Construction Contract to the total Construction Contract amount, taking into account change orders and other revisions, as of the date of such certification). Any representation by any General Partner under this Agreement that the 75% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however.
that (i) no objection by the Investor Limited Partner based on its physical inspection of the
Property shall be valid unless the General Partner is notified of such objection in writing, and the
specific reason therefor, within three (3) business days following the completion of the
inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same
day and at the same time that the Inspecting Architect is making its inspection of the Property,
and provided, that the Investor Limited Partner has received prior notice of such scheduled
inspection at least five (5) business days in advance. In the event that the Investor Limited
Partner does not make its physical inspection of the Property within five (5) business days after
having received such notice, then the Investor Limited Partner will be deemed to have waived
the physical inspection.

"SLP" means MMA Special Limited Partner, Inc., a Florida corporation.

"Special Capital Contribution" means a capital contribution described in and made
pursuant to Section 4.1B and 6.9A.

"Special Endorsements" means non-imputation, comprehensive, contiguity (if the Land
consists of more than one parcel), access, zoning (including any applicable parking provisions),
Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements
reasonably requested by the Special Limited Partner to the extent available in the State, each in a
form reasonably acceptable to the Special Limited Partner.

"Special Limited Partner" means SLP as Special Limited Partner and its successors in
such capacity.

"State" means the State of Texas.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a
Limited Partner under the provisions of Section 8.1D or 8.2.

"Supervisory Management Agent" means LifeNet-Commerce GP, L.L.C., a Texas
limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their
capacity as such.

"Tax Credit Application" means the application submitted to the Credit Agency to
obtain the Credit Approval, as amended from time to time, including all documentation
submitted to the Credit Agency concurrently therewith or pursuant thereto.

"Tax Credit Shortfall Payments" has the meaning provided in Section 5.2D.

"Tax Credits" means the Federal Tax Credits.

"Tax Exemption" means the ad valorem tax exemption to be granted to the Project by the
Central Appraisal District of Hunt County, Texas pursuant to Section 11.1825 of the Texas Tax
Code.

"Tenant Income Certification" means a tenant’s initial tax credit certification, including
the tenant income certification/certificate of resident eligibility, all sources used in verifying
income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.

"Title Policy" means the Texas owner’s policy of title insurance issued to the Partnership by Chicago Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $8,681,000.

"TMP" means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.

"Uniform Act" means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

"Units" means any of the 100 dwelling units in the Project.

"Working Capital Loan" means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

Continuation; Name; and Purpose

Section 2.1. Continuation

The parties hereto hereby agree to continue the limited partnership known as Commerce Family Community, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 10405 E. Northwest Highway, Suite 100, Dallas, TX 75238. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: LifeNet Community Behavioral Healthcare, 10405 E. Northwest Highway, Suite 100, Dallas, TX 75238.

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.
Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms’ length.

(vi) To execute any and all Notes, Mortgages and security agreements in order to secure the Mortgage Loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To execute agreements with Persons providing utility, telecommunications, maintenance, and other services to the Project.

(x) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership;
provided, however, that such terms as amended shall not without the consent of the Investor Limited Partner and Class B Limited Partner (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(xii) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

ARTICLE III

Term and Dissolution

A. The Partnership shall continue in full force and effect until December 31, 2055, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership’s assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).
ARTICLE IV

Partners: Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is LifeNet-Commerce GP, L.L.C. (formerly known as Commonwealth GP, L.L.C.), and its address and Capital Contribution are set forth in the Schedule. Prior to the Completion Date, the General Partner will make a Capital Contribution of $150,000. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $150,000 without the Consent of the Investor Limited Partner.

B. In the event the entire Development Amount and accrued but unpaid interest thereon has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Special Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partners shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2. Limited Partners

A. MMA Special Limited Partner, Inc. is hereby reclassified from class A limited partner to the Special Limited Partner. Its address and Capital Contributions are set forth in the Schedule.

B. Churchill Residential, Inc. is the Class B Limited Partner, and its address and Capital Contribution are set forth in the Schedule.

C. MMA Churchill at Commerce, LLC is hereby admitted to the Partnership as the Investor Limited Partner. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

Section 4.3. Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such
substituted Partner succeeds. The term “substituted Partner,” as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner’s Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and its Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII and Article VIII.

Section 4.4. Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of its Capital Contribution or (ii) demand and receive property of the Partnership in return for its Capital Contribution or in respect of its Interest.

Section 4.5. Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member or manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.
Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $6,544,000 payable in seven (7) installments (the "Installments") as follows:

(i) the first Installment (the "First Installment") in the amount of $1,636,000 shall be paid on the later of (a) the Admission Date and (b) closing of the First Mortgage Loan. A portion of such amount, in the amount of $405,795.88, shall be used to pay all outstanding principal and accrued interest with respect to the predevelopment loan made by MMA Financial to the Partnership.

(ii) the second Installment (the "Second Installment") in the amount of $1,309,000 shall be paid on the later of (a) one-hundred eighty (180) days after the Admission Date, and (b) the 50% Completion Date;

(iii) the third Installment (the "Third Installment") in the amount of $1,309,000, shall be paid on the later of (a) two hundred seventy (270) days after the Admission Date and (b) the 75% Completion Date;

(iv) the fourth Installment (the "Fourth Installment") in the amount of $1,309,000 shall be paid on the Completion Date;

(v) the fifth Installment (the "Fifth Installment") in the amount of $589,000, shall be paid upon the later of (a) Final Closing and (b) the date the Accountants determine the amount of the Federal Tax Credits;
(vi) the sixth Installment (the "Sixth Installment") in the amount of $327,000, shall be paid upon the date the Partnership achieves a 115% Debt Service Coverage Ratio for each of three (3) consecutive months; and

(vii) the seventh Installment (the "Seventh Installment") in the amount of $65,000, shall be paid upon the later of (a) receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement and (b) the receipt by the Partnership of satisfactory evidence that the Project has been granted a Tax Exemption.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the "Payment Certificate"), in the forms attached hereto as exhibits, relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) business days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) business days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) business days prior to the date of the Payment Certificate). If no prior request for an inspection has been made, the Investor Limited Partner’s receipt of the Payment Certificate is deemed a request for inspection.

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Allocation in the amount of at least $727,212 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the
obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the sum of (i) the "Federal Adjustment Factor" (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount is less than the Projected Aggregate Federal Tax Credit Amount (except to the extent such shortfall is attributable to the recapture of Federal Tax Credits previously reported on a Partnership tax return, in which event the Federal Adjustment Factor shall be $1.00 with respect to the portion of such shortfall attributable to such recapture), (ii) the amount of any interest and/or penalties paid or payable by the Investor Limited Partner (or its participants) as a result of any Recapture Event affecting the foregoing calculation, and (iii) 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this sentence, any reduction effected by reduction in the amount of an Installment as provided in Section 5.2D shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder). Prior to the release of the Fifth Installment, the "Federal Adjustment Factor" shall be an amount equal to $0.90. From and after the release of the Fifth Installment, the "Federal Adjustment Factor" shall be an amount equal to $0.914. Any amount payable under this Section is referred to as the "Federal Adjustment Amount".

B. Federal Downward Timing Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $222,160 in 2006, $686,674 in 2007, and $727,067 in 2008 (the "Target Amounts"), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $222,160 in 2006, $686,674 in 2007, and $727,067 in 2008 (a "Downward Federal Timing Adjustment"). Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Tax Credit Amount shall vary from the Projected Aggregate Federal Tax Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by
which the Adjusted Aggregate Federal Tax Credit Amount varies from the Projected Aggregate Federal Tax Credit Amount.

C. Federal Upward Basis Adjuster If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the “Federal Increase Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount. The “Federal Increase Factor” shall be an amount equal to $0.90 for every $1.00 by which the Adjusted Aggregate Federal Tax Credit Amount exceeds the Projected Aggregate Federal Tax Credit Amount. In no event shall any increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2C exceed $500,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment.

D. Application of Adjustments. If, upon the occurrence of any determination or event giving rise to an adjustment in the Capital Contribution of the Investor Limited Partner under this Section 5.2 (aggregating and/or netting, as applicable, all concurrent adjustments applicable to the Investor Limited Partner under this Section 5.2), there is a net reduction in such Capital Contribution, then such net reduction shall be applied first to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal Adjustment Amount (as increased pursuant to Section 5.2A) and Downward Federal Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a “Tax Credit Shortfall Payment”) to the Investor Limited Partner in the amount of such excess within thirty (30) days of the date of the determination in question. Any such Tax Credit Shortfall Payment by the General Partners shall constitute a Special Capital Contribution to the Partnership but shall not be reimbursable by the Partnership, and shall be immediately distributed by the Partnership to the Investor Limited Partner. If full payment of such excess amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate.

E. Provisional Adjustments If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under Section 5.2A or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants’ subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall, within seven (7) business days after receipt of notice of the determination,
pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2D above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

F. Federal Upward Timing Adjuster  If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is greater than $222,160 in 2006, and $686,674 in 2007 (the “Target Amounts”), then the Capital Contribution of the Investor Limited Partner shall be increased by $0.40 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is greater than $222,160 in 2006, and $686,674 in 2007 (the “Upward Federal Timing Adjustment”). In no event shall any increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2E exceed $200,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Tax Credit Amount shall vary from the Projected Aggregate Federal Tax Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Tax Credit Amount varies from the Projected Aggregate Federal Tax Credit Amount.

Section 5.3. Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before July 30, 2007, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics’ or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse
against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (5) the Project shall become ineligible for 50% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions; or

(iii) the Partnership shall fail to achieve Breakeven within 18 months following the Completion Date; or

(iv) the Partnership shall not have received Forms 8609 for each Building in the Project by the due date (as the same may have been properly extended, if applicable) for filing of the Partnership’s federal income tax returns for the first year of the Credit Period (unless such delay is, in the judgment of the Special Limited Partner, beyond the reasonable control of the General Partners); or

(v) any Lender or Governmental Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership.

B. If any such event set forth in Section 5.3A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner of the obligations of the General Partner hereunder to purchase the Investor Limited Partner’s Interest (such obligation being herein called a “Purchase Obligation” and such notice the “Purchase Obligation Notice”) within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an “Election Notice”) within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the General Partner shall pay the Investor Limited Partner a purchase price (the “Purchase Price”) in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 106% of the Investor Limited Partner’s Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or penalties payable in connection with any recapture of tax credits allocated to the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership,
(b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner’s Interest and (c) the amount of any tax credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners and Class B Limited Partner shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners and the Class B Limited Partner shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner, the Class B Limited Partner or the Partnership. Notwithstanding the purchase by the General Partner of the Interest of the Investor Limited Partner pursuant to Section 5.3A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partner until payment in full of the Purchase Price therefor. Upon such payment, the General Partner and the Class B Limited Partner shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the General Partner of its Interest in the manner described in this Section 5.3.

F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date forward.

G. Should any General Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.3, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner’s withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership shall give written notice to such defaulting Limited Partner (the “Defaulting Limited Partner”), who shall have thirty (30) days after such notice to make such payment. If the Defaulting Limited Partner fails to make such payment within such period, then such failure shall constitute a default by the Defaulting Limited Partner under this Agreement and all unpaid future Capital Contributions shall be immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for consent of the Defaulting Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and
concurrent and may be pursued separately, successively, or together except as is otherwise provided in this Section, and such rights and remedies may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) **Sale of Interest.** After the notice of default by the Partnership and expiration of the thirty (30) day cure period described above, the Partnership may elect, upon ten (10) days’ written notice to the Investor Limited Partner, to sell the Investor Limited Partner’s Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable efforts to obtain the highest price for the Investor Limited Partner’s Interest. The Investor Limited Partner shall receive any remaining net proceeds of such sale after satisfaction of the obligations of the Investor Limited Partner hereunder.

(ii) **Actions for Specific Performance.** At any time, after the notice of default by the Partnership and after expiration of the thirty (30) day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits, to recover all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney’s fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership’s exercise of its rights under subsection (i) above.

(iii) **Interest.** After default by the Partnership, the defaulted future Capital Contributions will bear interest at the Designated Prime Rate until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) **Certain Disputes.** Notwithstanding the foregoing, this Section 5.4 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder, in the event a bona fide dispute exists as to the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the thirty (30)-day period described above for non-binding mediation and then Arbitration in Commerce, Texas, or such other location in Texas as shall be mutually agreed upon by the parties, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights under this Section 5.4 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a
finding by the Arbitrator that all conditions to the disputed Installment were
satisfied (regardless of whether the Investor Limited Partner has exercised its
right to challenge the Arbitrator’s finding pursuant to (2) above). If the Investor
Limited Partner fails to pay such amounts within such ten (10) day period, the
Investor Limited Partner shall not be entitled to exercise its rights under (2) above
and the finding by the Arbitrator shall be deemed final and binding. In addition to
the requirements set forth above, testimony during Arbitration shall be limited to
three (3) days per party and the prevailing party shall be entitled to reimbursement
for any reasonable attorney’s fees incurred in connection with such Arbitration.

B. Notwithstanding any other provision hereof, the Partnership acknowledges that
the Investor Limited Partner has previously pledged its Interest to Fleet pursuant to the Fleet
Pledge described in Section 8.1D hereof. The Partnership agrees that it will give Fleet written
notice (at the following address: Fleet National Bank, Mail Code: MA5-503-04-16, One Federal
Street, Boston, MA 02110, Attention: John F. Simon, Senior Vice President) of any default by
the Investor Limited Partner hereunder, and further agrees that Fleet will have sixty (60) days
from its receipt of such notice to cure any such default prior to the Partnership’s exercising any
of its rights and remedies hereunder or otherwise at law or in equity, including, without
limitation, its right to sell the Interest hereunder. Fleet may cure any such default by paying only
the Installment or Installments for which the conditions to payment set forth in Section 5.1
hereof have then been satisfied. Fleet, as “Agent”, is an intended third party beneficiary of this
Section 5.4B. This Section 5.4B shall terminate upon the expiration or termination of the Fleet
Pledge.

Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to
the Partnership within one hundred eighty (180) days following the end of the Compliance
Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a
redemption price of $100, and the Partnership shall promptly so redeem such Interest,
whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further
rights, duties or obligations with respect to the Partnership or any of the other Partners. Should
the Investor Limited Partner’s Interest be redeemed under this Section 5.5, then the Special
Limited Partner agrees to withdraw from the Partnership at the same time as the redemption is
effective.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1. Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners
shall have no authority to perform any act in respect of the Partnership or the Project in violation
of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any
Lender or Governmental Agency.
B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant, provided that such consent will not be unreasonably withheld if there are no adverse tax consequences; or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loans after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or
(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership’s business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) **to amend any of the Related Agreements, or**

(xii) to permit the merger, termination or dissolution of the Partnership, or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xiii) shall not be unreasonably withheld), or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

**Section 6.2. Tax Matters Partners**

A. The Managing General Partner is hereby designated as the “Tax Matters Partner” for the Partnership. Upon the Retirement of the Person serving as the TMP (the “Retired TMP”), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP.
until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partners and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including reasonable attorneys’ fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.
Section 6.3. Business Management and Control; Designation of Managing General Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Governmental Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. LifeNet-Commerce GP, L.L.C. is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) the General Partner, Developer or Guarantor is in default in any material respect under their respective obligations under this Agreement, the Development Agreement, or Guaranty Agreement, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to the Developer prior to the Completion Date, (vi) an Event of Bankruptcy shall have occurred as to a General Partner, (vi) an Event of Bankruptcy shall have occurred as to the Guarantor prior to the expiration of the Guaranty by its own terms, or, (vii) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty in connection with the Partnership or the Property, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, fraudulent act or fiduciary breach, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or MMA Financial, may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof. Upon such election by the Special Limited Partner or such Entity and such Consent, the Special
Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3C, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners and Class B Limited Partner

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the Project as a “qualified low income housing project” under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a “qualified low income housing project” under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Limited Partner.
D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.

E. Except as provided in or contemplated by the Project Documents in existence at Investment Closing, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loans. Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loans.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. The General Partner shall be solely responsible for the following:

(1) analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state;

(2) analyzing a site’s economy and forecasting future growth potential;

(3) determining the site’s zoning status and possible rezoning strategies;

(4) contacting local government officials concerning access to utilities, public transportation and local ordinances;

(5) performing environmental tests;

(6) negotiating the purchase of the Land and the financing therefor;

(7) causing the Partnership to acquire the Land;

(8) processing necessary documentation with the Credit Agency in connection with the Tax Credits;

(9) arranging the permanent mortgage financing for the Project; and
arranging for the admission to the Partnership of the Investor Limited Partner and the Special Limited Partner.

In consideration for its services set forth in this Section 6.4H, the General Partners have received their interests in the profits of the Partnership as set forth in Section 10.3. The General Partner shall not assign any of these duties to the Developer.

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner’s obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner’s receipt of any written notice to such effect from any federal, state, or other Governmental Agency; and (z) upon any General Partner’s obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. [Reserved]

K. [Reserved]

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Mortgage Loans or Development Amount and accrued interest thereon as a Partner Nonrecourse Debt (“Related Party Financing”), then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action shall be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1J.

N. The General Partner and the Class B Limited Partner shall deliver to the Investor Limited Partner copies of all draw requests and reports by the Inspecting Architect submitted to the First Mortgage Lender in connection with construction of the Project.

O. The General Partner and Class B Limited Partner shall take all steps necessary to provide social services as required by any applicable Governmental Agency.
Section 6.5. **Representations, Warranties and Covenants; Certain Indemnities**

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the Investment Closing, will be true on the due date for payment of each Installment (except for Sections 6.5A (i), (vi), (vii), (viii), (xii), (xiii), (xvii), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv), (xxv) which are continuing representations):

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner, or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Class B Limited Partner, the Contingent Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of Investment Closing.

(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) or, a “will-issue” letter has been obtained by the relevant Governmental Agency which provides that all building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project are ready and may be obtained.
subject only to payment of a required fee and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Agency having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Partnership owns the fee simple interest in the Property and has good and indefeasible title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics’ or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is an Entity have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its organization.

(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor, the Class B Limited Partner, the Contingent Guarantor, or the Developer.
(xiii) The Project will qualify on and after the Completion Date as a “qualified low-income housing project” under Section 42(g) of the Code and all Low Income Units in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, Affiliate of a General Partner, or Person for whose conduct any General Partner has or had control of: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material at the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvi) To the best of the General Partner’s knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) The General Partner will elect to be treated as a corporation for tax purposes under the “check-the-box” regulations promulgated under section 7701 of the Code. The General Partner intends to be treated as a “tax-exempt controlled entity” as such term is defined in Section 168(h)(6)(F)(iii) of the Code;

(xx) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(xxi) No employees shall be engaged by the Partnership.
(xxii) Fees to be paid by the Partnership to the General Partners and their Affiliates will be reasonable in amount for services actually performed or material actually provided.

(xxiii) None of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage ratios.

(xxiv) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other Person or Entity, including its General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including the General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents, or this Agreement, pay its own liabilities out of its own funds;

(f) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm’s length relationship with its Affiliates;

(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(j) use invoices and checks separate from any other Person or Entity, including the General Partners or any Affiliates of the Partnership; and
(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the General Partners or any Affiliates of the Partnership.

(xxv) All of the representations and warranties set forth in the Closing Certificate are true and correct.

(xxvi) The Adjusted Aggregate Federal Tax Credit Amount shall be at least $7,270,670.

(xxvii) The General Partner represents that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

(xxviii) On or before the contribution of the Investor Limited Partner’s Seventh Installment, the General Partner will obtain the Tax Exemption. The General Partner’s failure to obtain the Tax Exemption on or before the Investor Limited Partner contributes the Seventh Installment of its capital contribution and/or the failure of the General Partner to maintain the Tax Exemption throughout the Compliance Period shall be grounds for removal of the General Partner pursuant to Section 7.7.

(xxix) The Partnership’s basis in the Project as of the later of December 31, 2004 or six months from the date of the Credit Allocation will be greater than 10% of the Partnership’s reasonably expected basis in the Project as of December 31, 2006 and each Building will be placed in service no later than December 31, 2006.

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Class B Limited Partner, the Guarantor, the Contingent Guarantor, or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Class B Limited Partner, the Contingent Guarantor, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) or, a
“will-issue” letter has been obtained by the relevant Governmental Agency which provides that all building, zoning, and other applicable certificates, permits, approvals, and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project are ready and may be obtained subject only to payment of a required fee (as long as all permits required by the first part of this sentence are issued by the due date of the Second Installment), and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor, the Class B Limited Partner, the Contingent Guarantor, or the Developer.

Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof, provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.
C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Investment Closing; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partners are entitled to indemnification under Section 6.6A.

D. The General Partners agree to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership and the Limited Partners may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such indemnity by the General Partner of the Partnership shall be limited to those claims, losses, damages, costs, expenses or liabilities which were caused by the negligent acts or omissions of the General Partner or the Developer or to the extent that the General Partner or the Developer had knowledge of the condition which gave rise to the release of Hazardous Material. Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners’ selection, but at the expense of the General Partners. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

E. The General Partners shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners’ or any Designated Affiliate’s negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

Section 6.7. Liability of General Partners to Limited Partners

A. Except as set forth in Section 6.6, no General Partner or Designated Affiliate (as defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of such General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in good faith, determined that such course of conduct was in the best interests of the Partnership and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate or breach of this Agreement.
B. As used in Sections 6.6 and 6.7, a “Designated Affiliate” is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner, member or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner, member or trustee, of any company for which such General Partner acts in any such capacity.

Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights thereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all Other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.

Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the
Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.9A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $240,000 which includes the funding of the Replacement Reserve. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $50,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

C. In addition to the obligations set forth in 6.9A and 6.9B, the General Partner agrees that if at any time during the Compliance Period the Partnership is required to pay real estate taxes in excess of those contemplated by the Tax Exemption ("Excess Real Estate Taxes") and has an operating deficit, then the General Partner shall furnish to the Partnership the funds required to pay such operating deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the General Partner shall be deemed Special Capital Contributions.

Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership’s expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and
(iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership’s business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Governmental Agency out of the proceeds of any Mortgage Loans and (v) payments to the Builder under the Construction Contract.

D. The General Partner is entitled to reimbursement for all reasonable costs incurred in connection with the annual audit requirements mandated under the Tax Exemption as set forth in Section 11.1825 of the Texas Tax Code.

Section 6.11. Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

Section 6.12. Reserve Accounts

The General Partners shall cause the Partnership to establish a reserve account for capital replacements, which account shall be funded by monthly deposits of $1,667, which amount equals $200 per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Limited Partner from time to time) commencing on the Completion Date. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partners.

ARTICLE VII

Withdrawal of a General Partner; New General Partners

Section 7.1. Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals.
Section 7.2. Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner thereof.

Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner. Any Person designated to become a Successor General Partner must be a “Community Housing Development Organization” under the laws of the State of Texas and must qualify the Property for an ad valorem property tax exemption.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of its obligations under this Agreement, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in its place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who is retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners, shall be approved by Consent of the Investor
Limited Partner and shall have obtained any Requisite Approvals. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

A. The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

B. In the event that the General Partner is removed for failure to maintain the Tax Exemption throughout the Compliance Period, all Partners agree that the Investor Limited Partner may designate a new General Partner within thirty days as required under Section 11.1825 of the Texas Tax Code, which is, or is controlled by a qualified non-profit organization, in order to maintain the Tax Exemption.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach
could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

(ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(iii) an Event of Bankruptcy as to any General Partner, the Guarantor or the Partnership;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or

(v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing, of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of receipt of such Removal Notice being referred to herein as the “Removal Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7B above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Special Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such removed General Partner in the manner set forth in Section 7.7G an amount equal to
(x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Removal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers
shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner and any Partnership obligations not listed in the prior year’s financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or
successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner fails to comply with any of its obligations under this Section 7.7 or contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, reasonable legal fees and expenses, shall be paid by the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, the Special Limited Partner’s interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining
General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.

ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its assignee in its place as a Substitute Limited Partner without the written consent of the General Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA, the consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of any interest in the Investor Limited Partner, the General Partner agrees to make such changes to this Agreement and the Related Agreements as the Investor Limited Partner may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) the Investor Limited Partner may pledge, without the consent of the General Partners, the Class B Limited Partner or any other Person, its Interest to Fleet National Bank as Agent (together with its successors and/or assigns in such capacity, "Fleet") to secure a loan to an affiliate of the Investor Limited Partner, the proceeds of which have been used by the Investor Limited Partner to make its Capital Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners, the Class B Limited Partner, or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, “investment property” or held in a “securities account” (within the meaning of
the Uniform Commercial Code of the State (the “UCC”) and will be, and will remain, “general intangibles” within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a “security” or as “investment property” or to be held in a “securities account” within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect. Fleet, as Agent, is an intended third party beneficiary of this section.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to the limitations contained in Section 8.1A and any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.

Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner’s Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.
Section 8.4. **Voluntary Withdrawal of the Class B Limited Partner**

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber its Interest without the Consent of the Investor Limited Partner.

Section 8.5. **Removal of the Class B Limited Partner**

A. The Class B Limited Partner is an Affiliate of the Developer and the Contingent Guarantor. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the Class B Limited Partner in accordance with the provisions of this Section 8.5 if a Class B Default occurs and is not cured within the time period set forth in this Section 8.5.

B. As used in this Section 8.5, “Class B Default” means the occurrence of any of the following events:

1. A material default by the Developer of any of its obligations under the Development Agreement which is not cured after written notice from the Investor Limited Partner and which results in a termination of the Development Agreement;

2. A material default by the Contingent Guarantor in the performance of any of its obligations under the Contingent Guaranty Agreement.

C. In the event that the Special Limited Partner determines to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5, the Special Limited Partner shall notify the Class B Limited Partner in writing, of the Class B Default that is the cause for the removal of the Class B Limited Partner (any such notice being referred to herein as a “Class B Removal Notice” and the date of such Class B Removal Notice being referred to herein as the “Class B Removal Notice Date”). In the case of any Class B Default described in clauses (i) or (ii) of Section 8.5B above, the Class B Limited Partner shall have thirty (30) business days (or ninety (90) business days if it is a non-monetary default) from the Class B Removal Notice Date to cure the Class B Default; provided, however, that if a non-monetary Class B Default cannot be reasonably cured within ninety (90) business days, the Class B Limited Partner shall not be removed if the Class B Limited Partner commences such cure within ninety (90) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within one hundred fifty (150) business days following the Class B Removal Notice Date (or such lesser period as is required to cure the Class B Default), and the failure to cure such Class B Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. If the Class B Limited Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the Class B Limited Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Class B Default reasonably acceptable to the Investor Limited Partner.
D. If a Class B Limited Partner is removed pursuant to this Section 8.5, the Partnership shall pay to such Class B Limited Partner in the manner set forth in Section 8.5G an amount equal to the amount which the removed Class B Limited Partner would have received under Section 10.1B from a deemed sale of the Project on the Class B Removal Notice Date, based on the Appraised Value of the Project determined under Section 8.5F below minus an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the Class B Limited Partner prior to its removal, including, without limitation, the Class B Default creating the right of the Special Limited Partner to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed Class B Limited Partner. The resulting amount is referred to herein as the “Class B Removal Purchase Price.” Notwithstanding the foregoing, the Class B Removal Purchase Price shall not be less than zero.

E. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any fees owed to the Class B Limited Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Class B Removal Notice Date shall be part of the Class B Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Class B Removal Purchase Price as calculated pursuant to the provisions of Section 8.5D above, or (ii) there exist any unpaid obligations or liabilities of the Class B Limited Partner that relate to the period up to and including the effective date of the removal of the Class B Limited Partner, any such unpaid fees owed to the Class B Limited Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the Class B Limited Partner (or such Affiliates) and applied by the Class B Limited Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the Class B Limited Partner (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 8.5C above, the Class B Limited Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) business day period, the Class B Limited Partner and the Special Limited Partner each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two (2) determinations. If the third (3rd) determination is either lower or
higher than both of the other two (2) appraisers, then the average of all three (3) appraisers shall be the fair market value. The Partnership and the removed Class B Limited Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 8.5F.

G. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any Class B Removal Purchase Price due to the Class B Limited Partner pursuant to the provisions of Section 8.5D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Class B Removal Purchase Price under the provisions of this Section 8.5, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such Class B Limited Partner and its Affiliates generally and to any others claiming by or through the Class B Limited Partner or its Affiliates to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the Class B Limited Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Class B Removal Notice Date. Concurrently with the determination of the Class B Removal Purchase Price, the Class B Limited Partner shall provide the Partnership, the successor Class B Limited Partner, if any, and the Investor Limited Partner with additional written releases from the Class B Limited Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor Class B Limited Partner, if any, the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the Class B Limited Partner is removed pursuant to the provisions of this Section 8.5, all agreements between the Partnership and the Class B Limited Partner and/or its Affiliates shall be terminated and, except for payment of the Class B Removal Purchase Price due to the Class B Limited (or such Affiliates), the Partnership shall have no further obligations under such agreements. From and after the effective date of its removal, the removed Class B Limited Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the Class B Limited Partner prior to such effective date. The removed Class B Limited Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the Class B Limited Partner and any Partnership obligations not listed in the prior year’s financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed Class B Limited Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event subsequent to the effective date of the removal of the removed Class B Limited Partner.

J. The election by the Special Limited Partner to remove any Class B Limited Partner pursuant to the provisions of this Section 8.5 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may
have with respect to any Class B Limited Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 8.5 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

K. In the event that any Class B Limited Partner is removed pursuant to the provisions of this Section 8.5, the removed Class B Limited Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the Class B Limited Partner or any of its Affiliates. The Class B Limited Partner agrees that if it fails to comply with the provisions of this Section 8.5K, the Limited Partners may enforce such provisions by specific performance, and no portion of the Class B Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

L. If any Class B Limited Partner fails to comply with any of its obligations under this Section 8.5 or contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 8.5, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 8.5, including, without limitation, reasonable legal fees and expenses, shall be paid by the Class B Limited Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

M. Notwithstanding the foregoing, in the event a bona fide dispute exists as to the occurrence of a Class B Default, the Class B Limited Partner shall have the right, within twenty (20) days of the Class B Removal Notice Date to submit the matter for non-binding mediation and then Arbitration in Commerce, Texas, or such other location in Texas as shall be mutually agreed upon by the parties, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that a Class B Default has occurred, the Class B Limited Partner agrees that the Class B Limited Partner will be removed as a Partner from the Partnership; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Class B Limited Partner or the Investor Limited Partner, as the case may be, shall have the right, only after the Class B Limited Partner has been removed pursuant to Section 8.5 of this Agreement, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the removal of the Class B Limited Partner be construed as a waiver of such right. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any reasonable attorney’s fees incurred in connection with such Arbitration.
ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans.

B. Subject to Section 6.1, the General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans and Working Capital Loans.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to make Operating Expense Loans, Working Capital Loans and Development Advances, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes an Operating Expense Loan, Working Capital Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member (which may include without limitation the Federal Home Loan Mortgage Corporation) in the Investor Limited Partner (such limited partner or member being referred to herein as a “Mortgagee Limited Partner”) at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property owned by the Partnership (any such loan being referred to as a “Related Mortgage Loan”). Under no circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its
Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee Limited Partner’s status as a limited partner or member of the Investor Limited Partner. Notwithstanding any provision to the contrary in this Section 9.1E, the General Partners shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Limited Partner and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Partners.

F. Any debt or bond financing or any credit support, guarantee or other financial enhancement of indebtedness related to or for the benefit of the Partnership or the Project (collectively, “Financing”) shall require the consent of the Investor Limited Partner if Fannie Mae has any present involvement (or any contemplated future involvement pursuant to a commitment existing at such time) with or relationship to such Financing. The request for the Investor Limited Partner’s consent shall include the determination of the tax counsel or Accountants for the Partnership, that the Financing from Fannie Mae will not cause any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership.

G. The General Partners shall take any action within their reasonable control necessary to remedy any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership resulting from any Financing from Fannie Mae related to or for the benefit of the Partnership or the Project.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Mortgage Loan Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner and Class B Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.
Section 9.3. **Sales Commissions**

In connection with the sale of the Property by the Partnership, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.

**ARTICLE X**

**Profits, Losses and Distributions**

Section 10.1. **Distributions Prior to Dissolution**

A. **Distribution of Cash Flow.** Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any balance paid to the Developer as payment of the Deferred Development Fee, and (ii) Cash Flow for each Fiscal Year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

*First,* to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions pursuant to Clause *Second* below) equal to the Cumulative Priority Distribution;

*Second,* to the Investor Limited Partner an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

*Third,* to the payment of any Deferred Development Fee and any accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

*Fourth,* to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

*Fifth,* 10% of the balance remaining after Clause *Fourth* above shall be distributed to the Investor Limited Partner;

*Sixth,* to the payment of the Incentive Management Fee;

*Seventh,* any balance shall be used as follows: 83.33% shall be paid to the Class B Limited Partner, 16.67% shall be distributed to the General Partner.
B. **Distributions of Capital Transaction Proceeds**

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

*First*, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

*Second*, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);

*Third*, to the repayment of any outstanding Deferred Development Fee and any accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

*Fourth*, to the payment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

*Fifth*, to the Investor Limited Partner an amount equal to the excess (if any) of (i) the amount of the Cumulative Priority Distribution over (ii) the sum of (a) prior distributions under this Clause *Fifth* and (b) prior distributions under Clause *First* of Section 10.1A;

*Sixth*, to the Investor Limited Partner an amount equal to theretofor unpaid Tax Credit Shortfall Payments;

*Seventh*, $10,000 to the Special Limited Partner; and

*Eighth*, the balance of such proceeds, if any, shall be distributed 20% to the Investor Limited Partner, 10% to the General Partner, and 70% to the Class B Limited Partner.

C. **Sharing of Distributions**

All distributions to the respective classes of the Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. **Proceeds from Insurance**

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation and such proceeds are not used to rebuild or restore the Project, after payment of debts and obligations of the Partnership, such proceeds shall be applied and distributed as follows: first, pursuant to Section 10.1B *First*; second, pursuant to Section 10.1B *Second*, third,
on a pro rata basis to the payment of the Deferred Development Fee and to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution that has been contributed to date, less the value of the Federal Tax Credits and losses taken and less any cash distributions received under Section 10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

Section 10.2. Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. Liquidation distributions shall be made by the end of the taxable year in which the liquidation occurs or, if later, within ninety (90) days after the date of liquidation. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital Account following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in its Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of the Investor Limited Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the “Designated Amount”) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, “unrealized appreciation” or “unrealized depreciation” shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership’s adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as
sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article X, for each Fiscal Year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner and 99.98% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article X, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Fifth through Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided, however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Fifth through Eighth of Section 10.1B; and
Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner, and 99.98% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any Fiscal Year, then the allocation of profits and losses under Section 10.3A for such Fiscal Year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner’s Capital Account to exceed such Limited Partner’s share of Partnership Minimum Gain plus such Limited Partner’s share of Partner Nonrecourse Debt Minimum Gain plus the amount if any, of such Limited Partner’s Designated Amount (as specified in accordance with Section 10.2A). Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner’s Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv).
Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.5B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives in any taxable year (1) any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) or (2) a distribution, and such adjustment, allocation and/or distribution would cause the negative balance in such Partner’s Capital Account to exceed (i) such Partner’s share of Partnership Minimum Gain plus (ii) such Partner’s share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner’s obligation, if any, to restore a deficit balance in its Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner’s Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed
to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

(1) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

(2) Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

(3) Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.
(4) Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

(5) Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

(6) Capital Accounts shall be increased by allocations of profits under Section 10.3A.

(7) Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

(8) Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

(9) Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.98% interest in profits of the Partnership, the Class B Limited Partner shall be deemed to have a 0.01% interest in profits of the Partnership, and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any Fiscal Year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4). Notwithstanding any provision to the contrary in this Section 10.5H, depreciation deductions shall in all events be allocated 99.98% to the Investor Limited Partner, 0.01% to the General Partners, and 0.01% to the Class B Limited Partner.

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

K. Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated 99.98% to the Investor Limited Partner, 0.01% to the Class B Limited Partner, and 0.01% to the General Partners.
L. Any partner nonrecourse deductions as determined under Treasury Regulation Sections 1.704-2(i)(2) and 1.704-2(k) with respect to Partner Nonrecourse Debt for any Fiscal Year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such deductions are attributable in accordance with Treasury Regulation Section 1.704-2(b)(4) and 1.704-2(i).

M. The Partnership and its Partners shall be permitted to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

N. To the extent that any loan or capital contribution is determined to be a grant resulting in taxable income to the Partnership, any such taxable income shall be specially allocated to the General Partner.

ARTICLE XI

Management Agent

Section 11.1. Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner or the Class B Limited Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Churchill Residential Management, L.P. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm’s-length property management arrangements for comparable properties in force in the general locality of the Project) initially of the lesser of 5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable Governmental Agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,
(ii) operating revenues of the Project in respect of any period of nine (9) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such nine (9)-month period,

(iii) the Project ceases to qualify as a “qualified low-income housing project” under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a “low income unit” under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, (a “Management Default Notice”) and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI.

Notwithstanding anything to the contrary herein, in the event that the Management Agent has received notice from the Investor Limited Partner that the number of Units that have been leased in any given month beginning in March of 2006 are eighty percent (80%) or less than the number of Units that are projected to be leased according to Exhibit B of the Investment Assumptions (the “Unit Shortfall”), the General Partner shall forthwith terminate the management agreement with the Management Agent unless any such amount of Units comprising the Unit Shortfall are leased within the next succeeding month to the satisfaction of the Investor Limited Partner.

Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to
take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

Section 11.3. Compliance Consultant

The General Partner and Class B Limited Partner shall have responsibility for obtaining a Compliance Consultant acceptable to the Investor Limited Partner to assist the Management Agent in the management of the Project in accordance with the requirements of each Lender and Governmental Agency. The General Partner and the Class B Limited Partner shall cause the Partnership or the Management Agent to enter into a Compliance Consultant Agreement with a Compliance Consultant. Any such Compliance Consultant Agreement shall provide that it may be terminated with or without cause upon thirty days notice. The General Partner and Class B Limited Partner agree to terminate the Compliance Consultant Agreement at any time upon the request of the Investor Limited Partner and to promptly obtain a replacement Compliance Consultant acceptable to the Investor Limited Partner.

ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership’s business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the offices of the Developer until the Completion Date, and thereafter at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership’s federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each Fiscal Year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners’ equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement or the Development Agreement under which
such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement and the Development Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each Fiscal Year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partners shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partners shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within forty-five (45) days after the end of such Fiscal Year. The General Partners shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partners fail to complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner within such time periods, shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership’s Fiscal Year, the General Partners shall pay as damages the sum of $250 per day (plus interest equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 3%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law) to the Investor Limited Partner until such Schedule K-1, and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partners and failure to so pay shall constitute a default of the General Partners under Section 6.3C. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to any Cash Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 10.1A (“Cash Flow Fees”). Such payments of Cash Flow and Cash Flow Fees shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Cash Flow and Cash Flow Fees otherwise due to the General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.
D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partners shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each Fiscal Year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such Fiscal Year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Governmental Agency or Lender (including without limitation any REAC inspection reports, if applicable) promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) a copy of any notice received from any Governmental Agency or Lender indicating any adverse findings with
respect to the Partnership or the Project (including without limitation management review findings or allegations of violations of any Project Document); (v) prompt notice of any casualty or other significant adverse event relating to the Partnership; (vi) evidence of insurance, (vii) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (viii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership. The General Partner shall authorize the Developer to execute draw requests on behalf of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current Fiscal Year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the Credit Period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.

J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a “Radon Report”) for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association (“NEHA”) National Radon Proficiency Program or (b) The National Radon Safety Board (“NRSB”). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

K. The General Partners will notify the Partners of any “reportable transaction” under Treasury Regulation Section 1.6011-4 in which the Partnership shall engage.
Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5. Fiscal Year

The Fiscal Year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid,
(ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by
telecopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in
each case to the parties at the addresses set forth below or at such other addresses as such parties
may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to
a Partner, at its address set forth in the Schedule, with copies to MMA Financial TC Corp., 101
Arch Street, Boston, MA 02110, Attention: Asset Management Department; MMA Financial TC
Corp., 101 Arch Street, Boston, MA 02110, Attention: Legal Department; James E. McDermott,
Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq.,
Coats, Rose, Yale, Ryman & Lee, 3 Greenway, Suite 2000, Houston, TX 77046; and Michael
Eaton, Esq., Eaton, Deaguro & Bishop, PLLC, 1111 West Mockingbird, Suite 1150, Dallas, TX
75247.

Section 13.2. Word Meanings

The words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this
Agreement as a whole and not merely to a subdivision in which such words appear unless the
context otherwise requires. The singular shall include the plural and the masculine gender shall
include the feminine and neuter, and vice versa, unless the context otherwise requires. Any
references to “Sections” or “Articles” are to Sections or Articles of this Agreement, unless
reference is expressly made to a different document. A defined term (i) has the same meaning
throughout this Agreement, (ii) may appear in this Agreement before its definition, and (iii)
applies to all grammatical variations of the term also shown with initial capital letters (e.g., the
definition of the noun “Affiliate” also applies to the verb “affiliated” and the adjective
“unaffiliated”). The word “including” does not exclude items not listed.


The covenants and agreements contained herein shall be binding upon, and inure to the
benefit of, the heirs, legal representatives, successors and assignees of the respective parties
hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to
the preceding sentence and except with regard to the Fleet Pledge, none of the provisions of this
Agreement shall be for the benefit of any lender or any other Person who is not a Partner.

Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of
the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall
constitute one agreement binding on all parties hereto, notwithstanding that all the parties have
not signed the original or the same counterpart.
Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Commerce, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

   (i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Hunt County of the State of Texas or the courts of the United States located in Dallas, Texas;
(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9. Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11. Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers’ or finders’ fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions.
contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.

Section 13.13. Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner, the Special Limited Partner, and the Class B Limited Partner. All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above. So long as the Fleet Pledge is outstanding, any amendment of those provisions herein of which Fleet, as Agent, is a third party beneficiary, or any other amendment to any other provision herein which would materially affect Fleet’s rights and priorities as Agent under the Fleet Pledge, shall require the prior written consent of Fleet. Fleet, as Agent, is an intended third party beneficiary of this section.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: Betts Hoover, President

INVESTOR LIMITED PARTNER: MMA CHURCHILL AT COMMERCE, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: Marie Keutmann, Vice President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: Marie Keutmann, Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Forslund, President

DEVELOPER (for purposes of Section 7.7) CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________
Betts Hoover, President

INVESTOR LIMITED PARTNER: MMA CHURCHILL AT COMMERCE, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: ____________________
Marie Keutmann, Vice President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: ____________________
Marie Keutmann, Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ____________________
Bradley E. Forslund, President

DEVELOPER (for purposes of Section 7.7) CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: ____________________
Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
    Betts Hoover, President

INVESTOR LIMITED PARTNER: MMA CHURCHILL AT COMMERCE, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: ________________________________
    Marie Keutmann, Vice President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: ________________________________
    Marie Keutmann,
    Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ________________________________
    Bradley E. Forslund, President

DEVELOPER (for purposes of Section 7.7) CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: ________________________________
    Bradley E. Forslund, President
Exhibit A

COMMERCE FAMILY COMMUNITY, L.P.

SCHEDULE OF PARTNERS

As of April 28, 2005

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LifeNet-Commerce GP, L.L.C.</td>
<td>$150,000*</td>
<td>100%</td>
</tr>
<tr>
<td>10405 Northwest Highway, Suite 100 Dallas, TX 75238 (214) 221-5433 (Telephone No.) (214) 932-1978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS B LIMITED PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchill Residential, Inc.</td>
<td>$10.00</td>
<td>100%</td>
</tr>
<tr>
<td>5606 N. MacArthur Blvd., Suite 580 Irving, TX 75038 (214) 720-0430 (Telephone No.) (214) 720-0434 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
<td>$10.00</td>
<td>100%</td>
</tr>
<tr>
<td>MMA Special Limited Partner, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101 Arch Street Boston, MA 02110 (617) 439-3911 (Telephone No.) (617) 439-9978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMA Churchill at Commerce, LLC</td>
<td>$6,544,000**</td>
<td>100%</td>
</tr>
<tr>
<td>101 Arch Street Boston, MA 02110 (617) 439-3911 (Telephone No.) (617) 439-9978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Payable in accordance with Section 4.1A.
**Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR

COMMERCCE FAMILY COMMUNITY, L.P.

List of Related Agreements:

1. Partnership Agreement;
2. Development Agreement;
3. Incentive Management Agreement;
4. Investment Assumptions;
5. Guaranty Agreement;
6. Contingent Guaranty Agreement;
7. Closing Certificate;
8. Opinion of Local Counsel;
9. Material Participation Agreement;
10. Certificate of Commerce Family Community, L.P.
11. MTE Pledge Agreement;
12. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of First Mortgage Loan closing, if later) in amount of $8,681,000 with any and all relevant endorsements available in Texas;
13. Balance Sheet of Partnership (unaudited, dated as of closing date);
14. Financial Statements of General Partner (dated not earlier than December 31, 2004);
15. Financial Statements of Guarantor (dated not earlier than December 31, 2004);
16. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement);
17. Evidence of Lender/Governmental Agency required consents satisfactory to the Investor Limited Partner;
18. Environmental Site Assessment satisfactory to the Investor Limited Partner;
19. Engineering Report satisfactory to the Investor Limited Partner;

Exhibit C

Insurance Requirements

I. General Insurance Requirements

The following are construction period and permanent insurance requirements. This outline describes the minimum types and amounts of insurance that are satisfactory to the Special Limited Partner:

i. Partnership’s Commercial General Liability Insurance (Bodily Injury and Property Damage);

ii. During the construction period, a special form, Builder’s Risk policy (written on a completed value form with an agreed value endorsement) and, thereafter, Partnership’s Property Insurance;

iii. Partnership’s Automobiles/Hired and Non-Owned Liability Insurance;

iv. Insurance for boiler and machinery (if applicable), in the amount of full replacement cost. To be written on a comprehensive form, and to include loss of rents with a maximum of “24 hour” deductible with a mechanical breakdown endorsement;

v. Insurance for flood if project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any sub-designation of Zone “A”). Policies must be obtained through the National Flood Insurance Plan (NFIP) in an amount equal to the full replacement cost or, if that is not available, the maximum amount of insurance available under the NFIP with a deductible not to exceed 2% of the total insured value per building. An excess Flood or Difference in Conditions (DIC) policy should provide for the difference, if any, between the maximum limit provided by NFIP policies and the full insurable value. Flood policies must be in full effect for both the construction and permanent phases;

vi. If the project is located in Seismic Zones 3 or 4, a Seismic Report must be completed to determine Probable Maximum Loss (PML). If the PML is shown to have an expected seismic damage ratio of less than 20%, then earthquake coverage may be waived. If earthquake coverage is required, it must be in full effect for both construction and permanent phases in the amount not less than full insurable value;

vii. Windstorm is a generally accepted exclusion from “All-Risk” insurance policies, provided that a separate policy is obtained for that exclusion. The wind policy must include business income/rents loss coverage for a minimum of 12 months;
viii. Fidelity Bond in an amount not less than six (6) months of project’s gross rental receipts. Fidelity Bond coverage must be in full effect for both the construction and permanent phases;

ix. Management agent’s Workers’ Compensation and Employer’s Liability Insurance in the statutory amount;

x. During the construction period, General Contractor’s Commercial General Liability and Property Damage Insurance; Automobile/Hired and Non-Owned Liability; and Workers’ Compensation and Employer’s Liability Insurance;

xi. During the construction period, Architect’s Errors and Omissions (Professional Liability) Insurance is required;

xii. Ordinance and Law Coverage must be obtained when the project represents a non-conforming use under current building, zoning or land use laws or ordinances. Amount to cover loss of undamaged portion of the building at replacement cost, demolition cost (10% of replacement cost) and increased cost of construction (10% of the replacement cost); and

xiii. Terrorism coverage is required for all projects equal to or greater than $20 million. For projects under $20 million, terrorism coverage is an acceptable exclusion, but remains strongly encouraged.
Additional Insurance Items

- No commercial general liability insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms, and no property insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms in connection with another covered peril (e.g. mold in connection with water damage caused by storm or fire) unless the Special Limited Partner determines that the potential risk for material loss or damage as a result of such exclusions is minimal or that such insurance without those exclusions is unavailable or available only at a price that is not commercially reasonable, or it is not customary practice in the geographic region in which the Property is located to obtain such coverage for the type of construction involved.

- All carriers must be A or better rated according to A.M. Best & Company, with a Financial Size Category rating by A.M. Best of VIII or higher.

- All insurance binders, certificates, and policies for the Partnership’s insurance must name the Partnership as the named insured. All Partnership’s insurance must name the Investor Limited Partner and Special Limited Partner as an additional insured or loss payee as expressly indicated, under a customary form of lender’s or mortgagee’s clause, with a minimum of 30 days notice of cancellation. All architect’s and General Contractor’s insurance must name the Partnership as additional insured or loss payee as indicated.

- All policies shall provide for a minimum of 30 days prior written notice to the Special Limited Partner of cancellation, termination, or reduction of coverage except for non-payment of premium where ten (10) days notice shall be given.

- Please reference the name of the Property or the Partnership, including address, in the “description section” of the insurance certificate.

- Each Certificate/Binder must include a broker or agent contact name along with their phone and fax number.

- Special Limited Partner reserves the right to reasonably modify the insurance requirements as conditions warrant.
II. DURING THE CONSTRUCTION PERIOD

A. Partnership’s Policies

1. All Risk Builder’s Risk

Form: Completed Value (Non-Reporting Form)

Perils: Special form “All-Risk” policy, subject to the policy terms, conditions and exclusions, but excluding Flood and Earthquake (unless in a flood plain or quake zone)

Valuation: Replacement Cost including the existing structure, if applicable.

Deductible: Not to exceed $10,000 per occurrence

Endorsements / Extensions: Permission to Occupy Endorsement, Renovations Coverage Endorsement, Loss of Rents (12 months), Soft Costs, Ordinance and Law Coverage, Waiver of Coinsurance

Loss Payee: Investor Limited Partner

2. Commercial General Liability

Form: ISO, Occurrence Form

Minimum Limits: $2,000,000 Aggregate Limit, $1,000,000 Products/completed Operations aggregate, $1,000,000 Personal & Advertising Injury, $1,000,000 Each Occurrence, $50,000 Fire Damage, $5,000 Medical Expense

Aggregate Limits must be written on a per property basis

3. Umbrella Liability

Minimum Limit: $3,000,000, but for structures with four or more stories the minimum limit will be $5,000,000
Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

4. **Automobile/Hired & Non-Owned Liability (If Rehab)**

   Limit: $1,000,000 per accident Combined Single Limit ("CSL")

5. **Boiler and Machinery (If Rehab)**

   Form: Comprehensive Form

   Limit: Total Building Value Limit

   Valuation: Repair and/or Replacement

   Extensions: Loss of Rents with Mechanical Breakdown Endorsement

6. **Workers’ Compensation and Employer’s Liability (If Rehab)**

   Limits:
   - Workers Compensation Statutory
   - Employer’s Liability $1,000,000 Each Accident
   - $1,000,000 Disease – Policy Limit
   - $1,000,000 Disease – Each Employee

   *If the Partnership has no employee(s), please provide evidence of item 6 for the General Partner or, if applicable, parent of the General Partner.

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**B. General Contractor’s Policies**

1. **Commercial General Liability**

   Form: ISO Occurrence Form

   Minimum Limit:
   - $2,000,000 Aggregate Limit
   - $1,000,000 Products/completed operations Aggregate
   - $1,000,000 Personal & Advertising Injury
   - $1,000,000 Each Occurrence
   - $50,000 Fire Damage
$5,000 Medical Expense

Aggregate Limits must be written on a per property basis

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

2. Umbrella Liability

Minimum Limit: $3,000,000

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

3. Workers’ Compensation and Employer’s Liability

Certificate Holder: Investor Limited Partner

Limits:

Workers’ Compensation Statutory

Employer’s Liability

$1,000,000 Each Accident
$1,000,000 Disease – Policy Limit
$1,000,000 Disease – Each Employee

4. Automobile/Hired & Non-Owned Liability

Limit $1,000,000 per accident Combined Single Limit (“CSL”)

C. Architect’s Policies

1. E&O Professional Liability Insurance

Minimum Limit: $250,000 or 10% of Construction Contract (whichever is greater)

Certificate Holder: Investor Limited Partner

Additional Insured: Partnership
B. III. PERMANENT INSURANCE

A. Property Insurance

Form:
ISO Special Form (please supply Evidence of Property Insurance, ACORD form 27, 28 or other “Special” or “All Risk” form)

Limits:
- Building (Real Property) 100% of insurable Value (Replacement Cost)
- Contents (Personal Property) Replacement Cost Coverage
- Business Interruption (Rents) 12 months’ gross rental income

Valuation:
Full Replacement Cost/Agreed Amount Endorsement

Maximum Deductible:
$25,000 per occurrence

Extensions:
- Vacancy/Unoccupancy up to 60 days
- Ordinance and Law
- Waiver of Coinsurance

Loss Payee:
Investor Limited Partner

B. Commercial General Liability

Form:
ISO Occurrence Form

Limit:
- $2,000,000 Aggregate Limit
- $1,000,000 Products/Completed Operations Aggregate
- $1,000,000 Personal & Advert. Injury
- $1,000,000 Each Occurrence
- $50,000 Fire Damage
- $5,000 Medical Expenses
Deductible or Retention: None

Additional Insured: Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

C. Umbrella Liability

Minimum Limit: $3,000,000, but for structures with four or more stories the minimum limit will be $5,000,000

Additional Insured: Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

D. Worker’s Compensation

Certificate Holder: Investor Limited Partner

Limits: $1,000,000 Each Accident

$1,000,000 Disease – Policy Limit

$1,000,000 – Each Employee

E. Auto Liability

Limit: $1,000,000 per accident combined single limit
F. **Boiler and Machinery**

Form: Comprehensive Form

Limit: Total Building Value Limit

Valuation: Repair and/or Replacement

Extensions: Loss of Rents with Mechanical Breakdown Endorsement

G. **Business Income/Rent Loss Coverage**

Limit: Lesser of actual loss sustained or 12 months gross income/rents
Exhibit D

COMMERCE FAMILY COMMUNITY, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the “General Partners”) of COMMERCE FAMILY COMMUNITY, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Churchill at Commerce, LLC, a Delaware limited liability company and its successors and assigns (the “Investor Limited Partner”), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the “Partnership Agreement”), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred for three consecutive calendar months on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: _____________________________________
Name: _____________________________________
Title: _____________________________________
DETERMINATION OF BREAKEVEN REQUIREMENT FOR DEVELOPMENT OBLIGATION DATE

_______, 20__

MMA Churchill at Commerce, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Commerce Family Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of April 28, 2005 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Churchill at Commerce Apartments, an apartment complex located in Commerce, Texas (referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended ________, 20__.

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.
We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.

We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Commerce Family Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Churchill at Commerce, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $__________, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.  

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community
Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: __________________________

Name: ________________________

Title: __________________________
Exhibit F

COMMERCE FAMILY COMMUNITY, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Commerce Family Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Churchill at Commerce, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $__________, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Two Hundred Seventy (270) Days have passed after the Admission Date.

4. The 75% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
____________, 20___.

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community 
Behavioral Healthcare, a Texas non-profit 
corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit G

COMMERCE FAMILY COMMUNITY, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Commerce Family Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Churchill at Commerce, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of an as-built survey for the Project, together with the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community
Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit H

COMMERCE FAMILY COMMUNITY, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Commerce Family Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Churchill at Commerce, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Tax Credits, as evidenced by the determination letter attached hereto as Attachment A.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community
Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ______________________________
Name: ______________________________
Title: ______________________________
DETERMINATION OF TAX CREDIT

MMA Churchill at Commerce, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Commerce Family Community, L.P., a Texas limited partnership
(the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the Second Amended and Restated Agreement of Limited Partnership of the Partnership among MMA Churchill at Commerce, LLC, a Delaware limited liability company (“MMAF”) and other parties dated as of April 28, 2005 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Churchill at Commerce Apartments (an apartment complex located in Commerce, Texas, referred to herein as the “Project”), we have performed the following procedures.

We have compiled a statement of the development costs through __________, 200_ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner will be $_________.
Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.

In making these determinations, we have assumed that 90% of the apartment units in the Project will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit I

COMMERCE FAMILY COMMUNITY, L.P.

SIXTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Commerce Family Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Churchill at Commerce, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $ _ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 115% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.  

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community
Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ______________________________
Name: ______________________________
Title: ______________________________
DETERMINATION OF DEBT SERVICE COVERAGE RATIO

MMA Churchill at Commerce, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Commerce Family Community, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of April 28, 2005 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Churchill at Commerce Apartments (an apartment complex located in Commerce, Texas referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the _____ months ended __________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on __________ 20___ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ______________________________
Exhibit J

COMMERCE FAMILY COMMUNITY, L.P.

SEVENTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Commerce Family Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Churchill at Commerce, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of April 28, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $_______ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. The Partnership has received satisfactory evidence that the Project has been granted a Tax Exemption.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__. 

LIFENET-COMMERCE GP, L.L.C., a Texas limited liability company, by LifeNet Community
Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: __________________________
Title: __________________________
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Churchill at Commerce

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: [Email communication requesting approval]

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Eric

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Boston Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Mesquite, Mesquite Texas
Churchill at Commerce, Commerce Texas
Evergreen at Hulen Bend, Fort Worth, Texas
Evergreen at Lewisville, Lewisville, Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Churchill at Commerce

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
January __, 2019

VIA E-MAIL TRANSMISSION

LifeNet-Commerce GP, LLC
1717 Arts Plaza, Suite 2208
Dallas, TX 75201

Re: Commerce Family Community, L.P.—Churchill at Commerce, Commerce, TX

Dear Sir or Madame:

Reference is hereby made to that certain Second Amended and Restated Agreement of Limited Partnership of Commerce Family Community, L.P., a Texas limited partnership (the “Partnership”), dated as of April 28, 2005 (the “Partnership Agreement”), by and among LifeNet-Commerce GP, LLC as the General Partner and MMA Churchill at Commerce, LLC as the Investor Limited Partner. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Partnership Agreement.

The General Partner has requested the Consent of the Investor Limited Partner to the Property’s participation in the Texas Department of Housing and Community Affairs’s Section 811 Project Rental Assistance Program (the “Section 811 Program”), as required by Section 6.1B(vi) of the Partnership Agreement.

Please be advised that the Investor Limited Partner underwrote and closed its investment in the Partnership and the Property without contemplation of any residential units being subject to the Section 811 Program requirements and without an evaluation of the potential impact of this Section 811 Program on the Property, the Partnership and the Investor Limited Partner. Accordingly, the Investor Limited Partner does not consent to the Partnership’s participation in the Section 811 Program.

Very truly yours,

MMA Churchill at Commerce, LLC
By: West Cedar Managing, Limited Partnership, its Manager
    By: BFRP-WCM, LLC, its General Partner
        By: _________________________________
            Michael H. Gladstone
            Authorized Agent
TDHCA #04409 Evergreen at Plano

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Plano

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Hunt LIHTC Holdings, LLC

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 31-33 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of May 1, 2004
# TABLE OF CONTENTS

ARTICLE I DEFINED TERMS ..................................................................................................... 1

ARTICLE II CONTINUATION; NAME; AND PURPOSE ........................................................ 18

Section 2.1. Continuation ..................................................................................................... 18
Section 2.2. Name and Office; Agent for Service ................................................................. 19
Section 2.3. Purpose ............................................................................................................... 19
Section 2.4. Authorized Acts ............................................................................................... 19

ARTICLE III TERM AND DISSOLUTION ................................................................................ 20

ARTICLE IV PARTNERS; CAPITAL ........................................................................................ 21

Section 4.1. General Partners .............................................................................................. 21
Section 4.2. Limited Partners ............................................................................................... 21
Section 4.3. Partnership Capital and Capital Accounts ......................................................... 22
Section 4.4. Withdrawal of Capital ....................................................................................... 22
Section 4.5. Liability of Limited Partners .............................................................................. 22
Section 4.6. Additional Limited Partners ............................................................................. 23
Section 4.7. Agreement to be Bound by Documents ............................................................. 23

ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER ............... 23

Section 5.1. Installments of Capital Contributions ............................................................... 23
Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner ................. 25
Section 5.3. Repurchase of Investor Limited Partner's Interest ........................................... 27
Section 5.4. Default of Investor Limited Partner .................................................................... 29
Section 5.5. Redemption of Partnership Interest .................................................................... 31

ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS .............. 31

Section 6.1. Restrictions on Authority ................................................................................... 31
Section 6.2. Tax Matters Partners ........................................................................................... 33
Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner ......................................................................................... 34
Section 6.4. Duties and Obligations of the General Partners .................................................. 35
Section 6.5. Representations, Warranties and Covenants; Certain Indemnities .................. 38
Section 6.6. Indemnification .................................................................................................. 43
Section 6.7. Liability of General Partners to Limited Partners ............................................. 43
Section 6.8. Certain Obligations of the Developer ................................................................. 44
Section 6.9. Obligation to Provide for Operating Expenses ................................................... 45
Section 6.10. Certain Payments to the General Partners and Affiliates ............................... 46
Section 6.11. Joint and Several Obligations ........................................................................... 46

ARTICLE VII WITHDRAWAL OF A GENERAL PARTNER; NEW GENERAL PARTNERS ................................................................................................................................. 47

Section 7.1. Voluntary Withdrawal ....................................................................................... 47
Section 7.2. Obligation to Continue ....................................................................................... 47
Section 7.3. Successor General Partner ................................................................................ 47
Section 7.4. Interest of Predecessor General Partner ............................................................. 47
PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of May 1, 2004 among PWA-2004 G.P., LLC, a Texas limited liability company, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation, as Special Limited Partner; MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, as Investor Limited Partner; CHURCHILL RESIDENTIAL, INC., a Texas corporation as Class B Limited Partner, and BRADLEY E. FORSLUND as Original (and Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to an Agreement of Limited Partnership dated as of February 27, 2004 (the “Original Partnership Agreement”) and a Certificate of Limited Partnership dated as of February 27, 2004 (the “Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing Office”) on March 1, 2004.

The purposes of this amendment to, and restatement of, the Original Partnership Agreement are to (i) admit the Investor Limited Partner and the Special Limited Partner as Partners; (ii) to provide for the reclassification of Churchill Residential, Inc. from the "Special Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited Partner; (iii) provide for the withdrawal of the Original Limited Partner as Limited Partner; and (iv) to set out more fully the rights, obligations and duties of the Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public accountants as may be engaged by the General Partners with the Consent of the Investor Limited Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Credit Amount” means the product of (i) 99.99% and (ii) the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for the Property) for the entire Credit Period, as such amount may be increased or decreased as a result of a subsequent determination by the Accountants, a Final Determination or a Recapture Event.
"Adjustment Fraction" means a fraction separately determined as to each fiscal year, the numerator of which shall be the Consumer Price Index most recently published before the end of such fiscal year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys’ fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate or Affiliated Person of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership (or any other Affiliated Person) if that Person is not otherwise an Affiliate or Affiliated Person of the Partnership or General Partner.

"Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Annual Credit" has the meaning given it in Section 5.1B.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.
“Asset Management Agreement” means the Asset Management Agreement of even date herewith between the Partnership and the Class B Limited Partner pursuant to which the Class B Limited Partner is to provide certain supplemental management services with respect to the Project.

“Asset Management Fee” means the fee payable to the Class B Limited Partner as set forth in Section 10.1A of this Agreement, and the Asset Management Agreement for its services thereunder.

“Assignment” shall mean any assignment, transfer or sale, and the words “assign,” “assignee” and “assignor” shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

“Bond Documents” means the Indenture, the Bonds, the Bond Loan Agreement, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.

“Bond Lender” means TDHCA, as maker of the Loan, together with its successors and assigns in such capacities.

“Bond Loan” means the loan in the amount of $14,750,000 to be made by the Bond Lender pursuant to the terms of the Bond Loan Documents which will bear interest at a rate of 5.25% during the construction phase and 6.55% during the permanent phase and which will mature on May 1, 2044.

“Bond Loan Agreement” means the Loan and Financing Agreement dated as of May 1, 2004 to be entered into by and between the Partnership and the Bond Lender relating to the disbursement of the Bond Loan.

“Bond Loan Documents” means the Bond Loan Agreement, the Bond Loan Note, the Bond Mortgage, the Regulatory Agreement, and any other documents delivered by the Partnership in connection with the Bond Loan, as the same may be amended from time to time.

“Bond Loan Note” means the promissory note in the amount of $14,750,000 entered into by the Partnership evidencing the Bond Loan.

“Bond Mortgage” means collectively, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement entered into by the Partnership in favor of the Bond Lender to secure the Bond Loan.

“Bonds” means the $14,750,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Evergreen at Plano Parkway) Series 2004.

“Breakeven” means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions
to Partners out of Cash Flow but including all debt service at the greater of actual levels or the
levels in effect following Permanent Mortgage Commencement, whether or not Permanent
Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and
reserve requirements imposed upon the Project by the Project Documents or this Agreement)
and, on an annualized basis, all projected expenditures, including those of a seasonal nature,
which might reasonably be expected to be incurred on an unequal basis during a full annual
period of operation. If free rent or other rental concessions shall have been granted to tenants,
the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect
of such concessions is amortized equally over the term of all leases (excluding renewal periods)
to which it applies.


"Buildings" means the eight (8) buildings to be located on the Land which, in the
aggregate, will contain 250 dwelling units for the elderly upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained
by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner
has contributed to the Partnership plus (ii) the fair market value of any property such Partner has
contributed to the Partnership net of liabilities assumed by the Partnership or to which such
property is subject plus (iii) the amount of profits and tax-exempt income allocated to such
Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash
distributed to such Partner less (vi) the fair market value of any property distributed to such
Partner net of liabilities assumed by such Partner or to which such property is subject less (vii)
such Partner's share of any other expenditures which are not deductible by the Partnership for
federal income tax purposes or which are not allowable as additions to the basis of Partnership
property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash contributed or agreed to be
contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this
Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution
previously made by any prior Partner in respect to the Partnership interest of such then Partner.
The term "Capital Contribution" shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in
determining Cash Flow, including without limitation the sale, refinancing or other disposition of
all or substantially all of the assets of the Partnership, but excluding loans to the Partnership
(other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership
by the Partners.

"Cash Available for Debt Service Requirements" means, for any period of three (3)
consecutive months beginning not earlier than Final Closing, the excess of (i) all Cash Receipts
over (ii) all cash requirements of the Partnership properly allocable to such period of time on an
accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and
Incentive Management Fees) and, on an annualized basis, all projected expenditures, including
those of a seasonal nature which might reasonably be expected to be incurred on an unequal
basis during a full annual period of operation, as determined by the Accountants but specifically
excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of
the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a fiscal year shall be considered a cash receipt of the Partnership for such Fiscal Year.

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"Class B Limited Partner" means Churchill Residential, Inc., a Texas corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"50% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 50% complete. Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"75% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 75% complete. Any representation by any General Partner under this Agreement that the 75% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business
days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that theInspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the period described in Section 42(i) of the Code.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership's development and related costs for purposes of establishing the amount of Federal Tax Credits available to the Project.
"Credit Agency" means the Texas Department of Housing and Community Affairs.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $576,431.

"Credit Reallocation Amount" means the amount of any tax credits allocated to the General Partners instead of to the Investor Limited Partner as a result of the application of Section 704(b) of the Code.

"Cumulative Priority Distribution" means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

"Debt Service Coverage Ratio" means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

"Deferred Development Fee" has the meaning attributed thereto in the Development Agreement.

"Designated Prime Rate" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.
“Designated Proceeds” means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

“Determination Date” means the last day of the month preceding the month in which the Removal Notice Date occurs.

“Developer” means Churchill Communities L.P., a Texas limited partnership.

“Development Advances” has the meaning set forth in the Development Agreement.

“Development Agreement” means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

“Development Amount” has the meaning attributed thereto in the Development Agreement.

“Development Costs” means all costs (other than the Deferred Development Fee) incurred to (i) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (ii) arrive at Final Closing in substantial conformity with the Project Documents, (iii) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (iv) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Project Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (v) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

“Development Obligation Date” means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3) consecutive calendar months, (iv) Final Endorsement, or (v) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.

“Document Schedule” means the Schedule of Documents attached hereto as Exhibit B.

“Economic Risk of Loss” has the meaning set forth in Treasury Regulation Section 1.752-2.

“Election Notice” has the meaning given to it in Section 5.2B.
"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.

"Eligible Development Costs" means Development Costs which are includeable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Federal Tax Credit Shortfall Payment" has the meaning provided in Section 5.2C.
"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Internal Revenue Code.

"Final Closing" means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Special Tax Counsel (or by an endorsement of either such title policy)), (iii) the completion by the Accountants of a certified audit of the Partnership's and the Builder's construction costs as a part of cost certification to the extent required by the Lenders and the Agency, (iv) the agreement and acceptance of such cost certification by the Lenders and the Agency to the extent required by the Lenders and the Agency, and (v) all amounts due in connection with the construction of the Project have been paid or provided for, and (vi) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

"Final Determination" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

"Final Endorsement" means Permanent Mortgage Commencement.

"Fiscal Year" means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

"Forward Commitments" means and includes, collectively, the Mortgage Loan Commitment, and any documents and other instruments delivered to or required by the Lenders or the Agency by or from the Partnership in connection with any of such commitments, any Mortgage Loan or the Project, as amended from time to time.

"General Partners" means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Guarantor" means LHTE Equipment, LLC, a Texas limited liability company.
“Guaranty Agreement” means the joint and several guaranty as of May 1, 2004, made by the Guarantor in favor of the Investor Limited Partner.

“Hazardous Material” shall have the collective meanings given to the terms “hazardous material,” “hazardous substances,” “hazardous wastes,” “toxic substances” and analogous terms in the Hazardous Waste Laws.

“Hazardous Waste Laws” means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

“Improvements” means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

“Incentive Management Agreement” means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

“Incentive Management Fee” means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.

“Indenture” means the Trust Indenture dated as of May 1, 2004 by and between the Bond Lender and the Trustee.

“Independent Appraiser” means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner and the Special Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.
"Initial Occupancy Date" shall mean the first date upon which not less than 90% of the Low Income Units in the Project have been occupied by Qualified Tenants under bona fide written leases with terms of not less than one year at average rental rates (taking into account free rent and other concessions) not less than those forecast in the Investment Assumptions and upon terms satisfying the requirements of Section 42 of the Code for a period of ninety (90) days.

"Initial Transfer Agreement" means the Initial Transfer Agreement in the form attached as an exhibit to this Agreement.

"Initial Transfer Date" means the date on which the Interest of the Investor Limited Partner is transferred from MMA Financial Bond Warehousing, LLC to MMA Evergreen at Plano, LLC pursuant to the Initial Transfer Agreement.

"Inspecting Architect" means Galier.Tolson.French Design Associates or any successor to such firm.

"Installment" means any Installment of the Capital Contributions of the Investor Limited Partner referred to in Section 5.1.

"Interest," or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

"Investment Assumptions" means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.

"Investment Closing" means the date of delivery of this Agreement.

"Investor Limited Partner" means (i) commencing on the date of Investment Closing and continuing to the Initial Transfer Date, MMA Financial Bond Warehousing, LLC, a Maryland limited liability company and (ii) from and after the Initial Transfer Date, MMA Evergreen at Plano, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1D, and their respective successors in such capacity.

"Land" means the parcels of land on which the Improvements are located in Plano, Texas, as described in the Mortgage.

"Lease-Up Reserve" means the lease-up fund, as required under the terms of the Indenture, in the amount of $595,000 to be established pursuant to Section 6.9C.

"Lender" means collectively, the Bond Lender and the Servicing Agent, as the context may require.
"Limited Partner" or "Limited Partners" mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

"Low Income Unit" means any of the 250 dwelling units for the elderly in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

"Management Agent" means Alpha-Barnes Real Estate Services, in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

"Management Agreement" means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

"Management Fee" means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

"Managing General Partner" means any Managing General Partner designated as provided in Section 6.3B.

"Material Default" has the meaning set forth in Section 7.7B.

"MMA" means MMA Financial TC Corp., a Delaware corporation.

"Mortgage" means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, "Mortgage" shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term "mortgage" means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and "foreclose" and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

"Mortgage Loan" means the Bond Loan.

"Mortgage Loan Commitment" means the commitment of the Bond Lender to make the Bond Loan of up to $14,750,000.

"Mortgage Loan Documents" means Bond Loan Documents.

"Net Capital Contribution" means $4,870,000.
“Note” means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Agency or pursuant to the Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.

“Other Development Costs” means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

“Partner” means any General Partner or Limited Partner.

“Partner Nonrecourse Debt” means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

“Partner Nonrecourse Debt Minimum Gain” means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).

“Partnership” means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

“Partnership Counsel” means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.
"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1C(i).

"Permanent Mortgage Commencement" means the date on which the full amount of the Bond Loan has been advanced to the Partnership, and principal payments to Trustee on the Bond Loan have commenced as required under the Indenture.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Priority Distribution" means, as to any Fiscal Year of the Partnership, the product of the "Applicable Amount" times the Adjustment Fraction determined in accordance with the following sentence. The "Applicable Amount" shall be zero until the Completion Date and $7,500 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

"Project" or "Property" means the Land and the Improvements.

"Project Documents" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Forward Commitments and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"Projected Aggregate Federal Credit Amount" means $5,763,730 which is the product of (i) 99.99% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term "Projected Aggregate Federal Credit Amount" shall mean the Adjusted Aggregate Federal Credit Amount, provided that any required adjustment(s), payment(s) or Federal Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized
receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"Recapture Amount" has the meaning specified in Section 10.5.

"Recapture Event" means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership's Tax Credits under Section 42(j) of the Code or other applicable provisions of law and/or which results in a disallowance of any Tax Credits previously claimed by the Partnership.

"Regulations" means the rules and regulations of any Agency which are applicable to the Project or the Partnership.

"Regulatory Agreement" means any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Partnership and/or for the benefit of any Lender or Agency with respect to the Project, as amended from time to time.

"Related Agreements" means each agreement, promissory note and certificate referred to in the Document Schedule.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Removal Notice" shall have the meaning set forth in Section 7.7.

"Removal Notice Date" shall have the meaning set forth in Section 7.7.

"Replacement Reserve" means the replacement reserve in the amount of $200 per unit per year to be established pursuant to Section 6.4J.

"Requisite Approvals" means any required approvals of the Lender and each Agency to an action proposed to be taken by the Partnership.

"Retirement" (including the forms "Retire" and "Retired") means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited
liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition (except by reason of death) of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, “controlling interest” shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Schedule” means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

“Service” means the Internal Revenue Service.

“Servicing Agent” means the entity acting from time to time in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“SLP” means MMA Special Limited Partner, Inc., a Florida corporation.

“Special Capital Contribution” means a capital contribution described in and made pursuant to Section 6.9A.

“Special Endorsements” means non-imputation, comprehensive, contiguity (if the Land consists of more than one parcel), access, zoning (including any applicable parking provisions), Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

“Special Limited Partner” means SLP as Special Limited Partner and its successors in such capacity.

“Special Tax Counsel” means Holland & Knight LLP of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“State” means the State of Texas.

“Substitute Limited Partner” means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.1D or 8.2.

“Supervisory Management Agent” means PWA-2004 G.P., LLC, a Texas limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their capacity as such.
"Tax Credit Application" means the application submitted to the Credit Agency to obtain the Credit Approval, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

"Tax Credit Shortfall Payments" means Federal Tax Credit Shortfall Payments.

"Tax Exemption" means the ad valorem tax exemption to be granted to the Project by the Central Appraisal District of Collin County, Texas pursuant to Section 11.1825 of the Texas Tax Code.

"TDHCA" means the Texas Department of Housing and Community Affairs.

"Tenant Income Certification" means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.

"Title Policy" means the Texas owner's policy of title insurance issued to the Partnership by Commonwealth Land Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $19,629,000.

"TMP" means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.


"Uniform Act" means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

"Working Capital Loan" means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

**ARTICLE II**

**Continuation; Name; and Purpose**

**Section 2.1. Continuation**

The parties hereto hereby agree to continue the limited partnership known as PWA-Plano Independence Senior Community, L.P., which was formed pursuant to the provisions of the Uniform Act.
Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 800 N. Lancaster Avenue, Dallas, TX 75203. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Don Maison, 800 N. Lancaster Avenue, Dallas, TX 75203.

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.
(vi) To execute any and all notes, mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.

(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

**ARTICLE III**

**Term and Dissolution**

A. The Partnership shall continue in full force and effect until December 31, 2054, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.
B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

Partners: Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is PWA-2004 G.P., LLC, and its addresses and Capital Contribution are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions) exceed $100 without the Consent of the Investor Limited Partner.

B. In the event the entire Development Amount has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partners shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2. Limited Partners

A. MMA Special limited Partner, Inc. is hereby admitted to the Partnership as the Special Limited Partner. Its address and Capital Contributions are set forth in the Schedule.

B. Churchill Residential, Inc. is hereby reclassified from the "Special Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited Partner of the Partnership. Its address and Capital Contributions are set forth in the Schedule.

C. MMA Financial Bond Warehousing, LLC is hereby admitted to the Partnership as the Investor Limited Partner. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Bradley E. Forslund. By his execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.
Section 4.3. **Partnership Capital and Capital Accounts**

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term "substituted Partner," as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner's Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII, Article VIII.

Section 4.4. **Withdrawal of Capital**

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5. **Liability of Limited Partners**

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited
Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.

Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement, the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $4,879,000 payable in seven (7) installments (the "Installments") as follows:

   (i) the first Installment (the "First Installment") in the amount of $1,464,000 shall be paid on the latest of (a) the Admission Date and (b) closing of the Bond Loan;

   (ii) the second Installment (the "Second Installment") in the amount of $973,000 shall be paid on the latest of (a) one-hundred eighty (180) days after the Admission Date and (b) the 50% Completion Date;

   (iii) the third Installment (the "Third Installment") in the amount of $1,047,000, shall be paid on the latest of (a) two hundred seventy (270) days after the Admission Date and (b) the 75% Completion Date;

   (iv) the fourth Installment (the "Fourth Installment") in the amount of $657,000 shall be paid on the Construction Completion Date;
(v) the fifth Installment (the “Fifth Installment”) in the amount of $243,000, shall be paid upon the latest of (a) Final Closing, (b) the date the Accountants determine the amount of the Annual Credit, (c) the date the Partnership achieves a 110% Debt Service Coverage Ratio for three (3) consecutive months and (d) the Initial Occupancy Date has occurred;

(vi) the sixth Installment (the “Sixth Installment”) in the amount of $243,000, shall be paid upon the latest of (a) the date the Partnership achieves a 115% Debt Service Coverage Ratio for three (3) consecutive months, and (b) Permanent Mortgage Commencement;

(vii) the seventh Installment (the “Seventh Installment”) in the amount of $243,000, shall be paid upon the latest of (a) receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement, and (b) the receipt by the Partnership of satisfactory evidence that the Project has been granted a Tax Exemption.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the “Payment Certificate”), in the forms attached hereto as Exhibits E through J, relating to the appropriate remaining Installments, dated the date such Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) business days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) business days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $576,431 per annum (the "Annual Credit").

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.
(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the “Federal Adjustment Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount is less than the Projected Aggregate Federal Credit Amount (the resulting product being referred to herein as the “Federal Adjustment Amount”). Prior to the release of the Fifth Installment, the “Adjustment Factor” shall be an amount equal to $0.845. From and after the release of the Fifth Installments, the “Adjustment Factor” shall be an amount equal to $0.914. The Federal Adjustment Amount shall be increased by 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this sentence, any reduction effected by reduction in the amount of an Installment as provided in Section 5.2C shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder).

B. Federal Timing Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $114,122 in 2005, $447,458 in 2006, and $576,373 in 2007 (the “Target Amounts”), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $114,122 in 2005, $447,458 in 2006, and $576,373 in 2007 (a "Federal Timing Adjustment"). Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Credit Amount shall vary from the Projected Aggregate Federal Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Credit Amount varies from the Projected Aggregate Federal Credit Amount.
C. Payment of Federal Adjustments. Any Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) or Federal Timing Adjustment shall be applied first to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) and Federal Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a "Federal Tax Credit Shortfall Payment") to the Investor Limited Partner in the amount of such excess within thirty (30) days of the date of the determination in question. Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor Limited Partner in its sole discretion, any such Federal Tax Credit Shortfall Payment by the General Partners shall not constitute a Capital Contribution, loan or advance to the Partnership and shall not be reimbursable by the Partnership, but shall be treated as a payment by the General Partners to the Investor Limited Partner for breach of warranty by the General Partners to the Investor Limited Partner. If full payment of such excess amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate.

D. Provisional Adjustments. If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under Section 5.2A or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants’ subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2C above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

E. Federal Upward Basis Adjuster. If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the "Federal Increase Factor" (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Credit Amount. The "Federal Increase Factor" shall be an amount equal to $0.845 for every $1.00 by which the Adjusted Aggregate Federal Credit Amount exceeds the Projected Aggregate Federal Credit Amount. In no event shall any
increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2E exceed $500,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, in the event that, through the Completion Date: (1) the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), then the increased Capital Contribution payable under this Section 5.2E shall be reduced by an amount equal to 40% of any Net Interest Income.

Section 5.3. Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

   (i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before June 1, 2007, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

   (ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics’ or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Special Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) any of the Forward Commitments is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Forward Commitment is not reinstated (or replaced on terms at least as favorable to the Partnership) within ninety (90) days; (5) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (6) the Project shall become ineligible for 50% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions; or
(iii) any Lender or Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership.

B. If any such event set forth in Section 5.2A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner of the obligations of the Class B Limited Partner hereunder to purchase the Investor Limited Partner's Interest (such obligation being herein called a "Purchase Obligation" and such notice the "Purchase Obligation Notice") within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an "Election Notice") within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the Class B Limited Partner shall pay the Investor Limited Partner a purchase price (the "Purchase Price") in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 110% of the Investor Limited Partner's Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or penalties payable in connection with any recapture of tax credits allocated to the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner's Interest and (c) the amount of any tax credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners and Class B Limited Partner shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners and the Class B Limited Partner shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner, the Class B Limited Partner or the Partnership. Notwithstanding the purchase by the Class B Limited Partner of the Interest of the Investor Limited Partner pursuant to Section 5.2A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partners until payment in full of the Purchase Price therefor. Upon such payment, the General Partners shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the Class B Limited Partner of its Interest in the manner described in this Section 5.2.
F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date forward.

G. Should any Class B Limited Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.2, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner's withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership shall give written notice to such defaulting Limited Partner (the "Defaulting Limited Partner"), who shall have thirty (30) days after such notice to make such payment. If the Defaulting Limited Partner fails to make such payment within such period, then such failure shall constitute a default by the Defaulting Limited Partner under this Agreement and all unpaid future Capital Contributions shall be immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for Consent of the Defaulting Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and concurrent and may be pursued separately, successively, or together except as is otherwise provided in this Section, and such rights and remedies may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

   (i) Sale of Interest. After the notice of default by the Partnership and expiration of the thirty (30) day cure period described above, the Partnership may elect, upon ten (10) days' written notice to the Investor Limited Partner, to sell the Investor Limited Partner's Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable best efforts to obtain the highest price for the Investor Limited Partner's Interest. The Investor Limited Partner shall receive any remaining net proceeds of such sale after satisfaction of the obligations of the Investor Limited Partner hereunder.

   (ii) Actions for Specific Performance. At any time, after the notice of default by the Partnership and after expiration of the thirty (30) day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits, to recover all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney's fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership's exercise of its rights under subsection (i) above.

   (iii) Interest. After default by the Partnership, the defaulted future Capital Contributions will bear interest at the Designated Prime Rate plus one
percent (1%) until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) Certain Disputes. Notwithstanding the foregoing, this Section 5.3 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder, in the event a bona fide dispute exists as to the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the thirty (30)-day period described above for non-binding mediation and then Arbitration in Dallas, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights under this Section 5.3 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a finding by the Arbitrator that all conditions to the disputed Installment were satisfied (regardless of whether the Investor Limited Partner has exercised its right to challenge the Arbitrator’s finding pursuant to (2) above). If the Investor Limited Partner fails to pay such amounts within such ten (10) day period, the Investor Limited Partner shall not be entitled to exercise its rights under (2) above and the finding by the Arbitrator shall be deemed final and binding. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any attorney’s fees incurred in connection with such Arbitration.

B. Notwithstanding the above, in order to secure the performance of the Investor Limited Partner’s obligation to make Capital Contributions under this Agreement (subject to the default and adjustment provisions herein), the Investor Limited Partner has granted to the Partnership a security interest in the Investor Limited Partner’s Interest in the Partnership. The Investor Limited Partner hereby represents that the security interest granted is a first security interest in the collateral described subject and subordinate, if applicable, to the Bond Loan. The Partnership will not take any action to foreclose against such security interest prior to thirty (30) days written notice received by the Investor Limited Partner (the “Notice Period”). Further, if the Investor Limited Partner contests such action within the Notice Period giving written protest setting forth the basis of its objections (the “Protest Notice”), then the matter will be submitted to binding arbitration as set forth herein. If the Investor Limited Partner does not contest such action within the Notice Period by Protest Notice, then the Partnership may proceed, however, the Investor Limited Partner will be given a reasonable opportunity to appear and bid at any public or private sale of such Interest, or of any part thereof.
This agreement shall constitute the grant by the Investor Limited Partner and the Special Limited Partner of a security interest in the entire Interest in the Partnership and for purposes hereof the Special Limited Partner's Interest shall be deemed included within the Investor Limited Partner's interest. The Partnership acknowledges that such security interest shall only secure the Investor Limited Partner's obligation to make Capital Contributions in accordance with the terms hereof. The Partnership shall be entitled to file a UCC to reflect the terms hereof. The Partnership acknowledges that the Investor Limited Partner has pledged its Interest to Fleet National Bank ("Fleet"), as described in Section 8.1D hereof. The Partnership agrees that, notwithstanding any contrary provision herein, it will give Fleet written notice at the following address: Fleet National Bank, Mail Code: MADE10304X, One Federal Street, Boston, MA 02110, Attention: John F. Simon, Vice President of any default by the Investor Limited Partner hereunder, and further agrees that Fleet will have sixty (60) days from its receipt of such notice to cure any such default prior to the Partnership's exercising any of its rights and remedies hereunder or otherwise at law or in equity, including, without limitation, its right to sell the Interest hereunder. Fleet may cure any such default by paying only the Installment or Installments for which the conditions to payment set forth in Section 5.1 hereof have then been satisfied. Fleet is an intended third party beneficiary of this Section 5.4B.

Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership (with a copy to the Servicing Agent) within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1. Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Agency.

B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital
improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(j)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(viii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant which consent will not unreasonably withheld provided there are no adverse tax consequences, or

(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or
(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) to amend any of the Related Agreements, or

(xii) to permit the merger, termination or dissolution of the Partnership,

or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xii) shall not be unreasonably withheld.) or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2. Tax Matters Partners

A. The Managing General Partner is hereby designated as the Tax Matters Partner for the Partnership. Upon the Retirement of the Person serving as the TMP (the “Retired TMP”), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of
the General Partners and of the Investor Limited Partner, at their own expense, to employ tax
counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial
proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who
so requests in writing, a copy of each notice or other communication received by the TMP from
the Service (except such notices or communications as are sent directly to such requesting
Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in
serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited
Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners
other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code,
(iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request
contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of
limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other
substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary,
and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner
as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a
corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including
attorneys' fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding
in which the TMP is involved or threatened to be involved by reason of being the TMP, provided
that the TMP acted in good faith, within what it reasonably believed to be in the best interests of
the Partnership or its Partners. The TMP shall not be indemnified under this provision against
any liability to the Partnership or its Partners to any greater extent than the indemnification
allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph
shall not be deemed exclusive of any other rights to which those indemnified may be entitled
under any applicable statute, agreement, vote of the Partners, or otherwise.

Section 6.3. Business Management and Control; Designation of Managing General
Partner; Tax Matters Partner; Certain Rights of the Special Limited
Partner

A. The General Partners shall have the exclusive right to manage the business of the
Partnership in accordance with this Agreement. No Limited Partner shall have any authority or
right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the
first instance by one or more Managing General Partners. Each Managing General Partner is
hereby authorized to execute and deliver in the name and on behalf of the Partnership all such
documents and papers (including any required by any Lender or Agency) as such Managing
General Partner deems necessary or desirable in carrying out such duties hereunder. PWA-2004
G.P., LLC, is hereby designated as the initial Managing General Partner; if such Person shall
become unable to serve in such capacity or shall cease to be a General Partner, the remaining
General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner, the Developer or any Guarantor or, (vi) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or MMA, may, with the Consent of the Investor Limited Partner (with a copy to the Servicing Agent), elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof. Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business
such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners by any Lender or Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the credit period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a “qualified low income housing project” under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a “qualified low income housing project” under Section 42(g) of the Code or which would cause the recapture of any low income housing tax credit under the Code without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the low-income housing credit described in Section 42 of the Code for all Low Income Units and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of such credit for failure to comply with the requirements of Section 42 of the Code.

E. Except as provided in or contemplated by the Forward Commitments and the Mortgage Loan Documents, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan. Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or
control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. [Reserved].

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner's receipt of any notice to such effect from any federal, state, or other governmental authority; and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such governmental authority in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. The General Partner shall establish a reserve account for capital replacements (the “Replacement Reserve”), which account shall be funded by deposits of $200 per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Limited Partner from time to time) commencing on the Completion Date. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partner and the Class B Limited Partner.

K. The General Partners, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of the Buildings (including site improvements) and the Land is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Development Amount as a Partner Nonrecourse Debt (“Related Party Financing”), then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action shall be the assignment of the outstanding balance of such Related Party Financing to an entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the
Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1J.

N. The Class B Limited Partner shall deliver to the Investor Limited Partner copies of all draw requests and reports by the Inspecting Architect submitted to the Servicing Agent and Bond Lender in connection with construction of the Project.

Section 6.5. Representations, Warranties and Covenants: Certain Indemnities

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper governmental authority necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of this Agreement.

(vii) [Reserved]
(viii) The Partnership owns the fee simple interest in the Property and has good and indefeasible title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics' or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is a corporation or limited liability company have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its incorporation.

(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

(xiii) The Project will qualify on and after the Completion Date as a “qualified low-income housing project” under Section 42(g) of the Code and all Low Income Units in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, or Person for whose conduct any General Partner is or was responsible has ever: (i) directly or indirectly transported, or
arranged for transport, of any Hazardous Material (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material; (iii) received notification from any federal, state or other governmental authority of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such governmental authority or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvi) To the best of the General Partner's knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) Fifty percent (50%) or more of the aggregate basis of the Buildings and the Land will be financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xx) On or before the contribution of the Investor Limited Partner’s Seventh Installment, the General Partner will obtain the Tax Exemption. The General Partner’s failure to obtain the Tax Exemption on or before the Investor Limited Partner contributes the Seventh Installment of its capital contribution and/or the failure of the General Partner to maintain the Tax Exemption throughout the Compliance Period shall be grounds for removal of the General Partner pursuant to Section 7.7.

(xxi) The General Partner will elect to be treated as a corporation for tax purposes under the “check-the-box” regulations promulgated under section 7701 of the Code. The General Partner intends to be treated as a “tax-exempt controlled entity” as such term is defined in Section 168(h)(6)(F)(iii) of the Code;

(xxii) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.
(xxiii) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other person or entity, including the General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other entity, including the General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such entity;

(d) maintain separate financial statements from any other person or entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents, pay its own liabilities out of its own funds;

(f) pay the salaries of its own employees;

(g) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(h) maintain an arm’s length relationship with its Affiliates;

(i) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(j) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(k) use invoices and checks separate from any other person or entity, including the General Partners or any Affiliates of the Partnership; and

(l) hold itself out as and operate as an entity separate and apart from any other entity, including the General Partners or any Affiliates of the Partnership.

(xxiv) All of the representations and warranties set forth in the Closing Certificate are true and correct.
(xxv) The Project will constitute an "Independent Living Facility" as such term is defined under the terms of the City of Plano Zoning Ordinance.

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Guarantor or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Admission Date; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partner is entitled to indemnification under Section 6.6.

D. The General Partners agree to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs,
expenses or liabilities which the Partnership and the Limited Partners may incur on account of
the presence or escape of any Hazardous Material at or from the Property (or at any other
location). Any such indemnity by the General Partner of the Partnership shall be limited to those
claims, losses, damages, costs, expenses or liabilities which were caused by the negligent acts or
omissions of the General Partner. Any such claims, losses, damages, costs, expenses or
liabilities may be defended, compromised, settled, or pursued by the Limited Partners with
counsel of the Limited Partners' selection, but at the expense of the General Partners.
Notwithstanding anything else set forth in this Agreement, this indemnification shall survive the
withdrawal of any General Partner and/or the termination of this Agreement.

Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be in-
demnified by the Partnership against any losses, judgments, liabilities, expenses and amounts
paid in settlement of any claims sustained by him or it in connection with the Partnership,
provided that the same were not the result of negligence or misconduct on the part of any
General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B)
and were the result of a course of conduct which such General Partner, in good faith, determined
was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be
provided out of and to the extent of Partnership assets only, and no Limited Partner shall have
any personal liability on account thereof; provided, however, that no indemnification shall be
provided for any losses, liabilities or expenses arising from or out of any alleged violation of
federal or state securities laws unless (i) there has been a successful adjudication on the merits of
each count involving alleged securities law violations as to the particular indemnitee and the
court approves indemnification of litigation costs; (ii) such claims have been dismissed with pre-
judice on the merits by a court of competent jurisdiction as to the particular indemnitee and the
court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction
approves a settlement of the claims against a particular indemnitee and finds that indemnification
of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which
insures any party against any liability as to which such party is herein prohibited from being
indemnified.

C. In the event the Partnership incurs any liability to Alcatel USA Sourcing, L.P.
under the terms of that certain Temporary License Agreement dated May 26, 2004, the General
Partner will immediately advance such amounts to the Partnership.

Section 6.7. Liability of General Partners to Limited Partners

A. No General Partner or Designated Affiliate (as defined in Section 6.7B) shall be
liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited
Partner for any loss suffered by the Partnership which arises out of any action or inaction of such
General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in
good faith, determined that such course of conduct was in the best interests of the Partnership
and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or
misconduct on the part of that General Partner or Designated Affiliate or breach of this
Agreement.
B. As used in Sections 6.6 and 6.7, a "Designated Affiliate" is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner or trustee, of any company for which such General Partner acts in any such capacity.

C. The General Partners shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners' or any Designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated
Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.

E. In the Event the Partnership incurs any costs as a result of the existing or proposed drainage easements granted or to be granted to the City of Plano with respect to the Project, including any costs incurred repairing or replacing carports, the General Partner shall advance all amounts that may be required.

Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions; amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.9 to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $1,000,000 which includes the funding of the Replacement Reserve Account. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $100,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

C. The General Partners shall cause the Partnership to establish a lease-up reserve in the initial amount of $595,000, as required under the terms of the Indenture.

D. In addition to the obligations set forth in 6.9A, 6.9B, and 6.9C, the General Partner agrees that if at any time during the Compliance Period the Partnership is required to pay real estate taxes in excess of those contemplated by the Tax Exemption ("Excess Real Estate Taxes") and has an operating deficit, then the General Partner shall furnish to the Partnership the funds required to pay such operating deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the General Partner shall be deemed Special Capital Contributions.
Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership’s expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and

(iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership’s business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Agency out of the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction Contract.

D. The General Partner is entitled to reimbursement for all reasonable costs incurred in connection with the annual audit requirements mandated under the Tax Exemption as set forth in Section 11.1825 of the Texas Tax Code.

Section 6.11. Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.
ARTICLE VII

Withdrawal of a General Partner; New General Partners

Section 7.1. Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals.

Section 7.2. Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner thereof.

Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.4D or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner who withdraws voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all his other obligations and liabilities hereunder incurred or accrued prior to the date of his withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for
any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in his place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retires voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners and shall be approved by Consent of the Investor Limited Partner. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

A. The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

B. In the event that the General Partner is removed for failure to maintain the Tax Exemption throughout the Compliance Period, all Partners agree that the Investor Limited Partner may designate a new General Partner within thirty days as required under Section 11.1825 of the Texas Tax Code, which is, or is controlled by a qualified non-profit organization, in order to maintain the Tax Exemption.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:
(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

(ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(iii) an Event of Bankruptcy as to any General Partner, more than one Guarantor or the Partnership;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or

(v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing (with a copy to the Servicing Agent), of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of such Removal Notice being referred to herein as the “Removal Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7 above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the Removal Notice Date; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.
D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the amounts payable to the General Partner pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two
Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the provisions of Section 5.1B as a result of any adjustments described in Section 5.1B, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without
limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, legal fees and expenses, shall be paid by the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, its interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.
ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its assignee in its place as a Substitute Limited Partner without the written consent of the General Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA, the consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, an Assignment of Investor Limited Partner Interest and Omnibus Amendment, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of membership interest in the Investor Limited Partner to an Affiliate of MMA, the General Partner agrees to make such changes to the Agreement and Related Agreements as such transferee may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) MMA Financial Bond Warehousing, LLC may pledge, without the consent of the General Partners or any other Person, its Interest to Fleet National Bank as Agent (together with its successors and/or assigns in such capacity, "Fleet") to secure a loan enabling the Investor Limited Partner to make its Capital Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, "investment property" or held in a "securities account" (within the meaning of the Uniform Commercial Code of the State (the "UCC") and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a "security" or as "investment property" or to be held in a "securities account" within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect. Fleet, as Agent, is an intended third party beneficiary of this section.
E. Without limitation of the foregoing provisions of this Section 8.1, the Partners specifically acknowledge that MMA Financial Bond Warehousing, LLC contemplates the transfer of its Interest to MMA Evergreen at Plano Senior Community, LLC, a Delaware limited liability company, pursuant to the terms and provisions of the Initial Transfer Agreement, and all Partners hereby consent thereto. Such transfer shall be effective on such date as may be designated by the transferor in writing to the Partnership.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership. Without limitation of the foregoing, the transferee of the Interest of the Investor Limited Partner pursuant to the Initial Transfer Agreement shall be automatically admitted to the Partnership as a Substitute Limited Partner on the date such transfer shall become effective as provided in Section 8.1E.

Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner's Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.
Section 8.4. Voluntary Withdrawal of the Class B Limited Partner

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner.

ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date hereof, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans.

B. The General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans pursuant to Section 6.9.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to furnish funds pursuant to Sections 6.8 and 6.9 hereof and pursuant to the Development Agreement, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes a borrowing permitted by Sections 6.8 or 6.9 or pursuant to the Development Agreement and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member (which may include without limitation the Federal Home Loan Mortgage Corporation) in the Investor Limited Partner (such limited partner or member being referred to herein as a “Mortgagee Limited Partner”) at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property owned by the Partnership (any such loan being referred to as a “Related Mortgage Loan”). Under no
circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee Limited Partner's status as a limited partner or member of the Investor Limited Partner.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Forward Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3. Sales Commissions

Upon the sale of the Property by the Partnership, no Person may pay to any Person real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.

ARTICLE X

Profits, Losses and Distributions

Section 10.1. Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any
balance paid to the Developer as payment of the Deferred Development Fee, and (iii) Cash Flow for each fiscal year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions constituting Recapture Amounts) equal to the Cumulative Priority Distribution;

Second, to the payment of any Deferred Development Fee, plus accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Third, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fourth, 10% of the balance remaining after Clause Third above shall be distributed to the Investor Limited Partner;

Fifth, to the payment of the Asset Management Fee to the Class B Limited Partner;

Sixth, to the payment of the Incentive Management Fee;

Seventh, any balance shall be used as follows: 75% shall be paid to the Class B Limited Partner and 25% shall be distributed to the General Partner.

If the Partnership shall have unfunded operating deficits or if any Recapture Amount or Credit Reallocation Amount shall be then due and owing to the Investor Limited Partner, then the General Partners and their Affiliates shall not be entitled to any distributions, fees or loan repayments under this Section 10.1A and any amounts which would otherwise have been paid or distributed to the General Partners pursuant to this Section 10.1A shall be reduced by such Recapture Amount or Credit Reallocation Amount and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1A shall be increased by such Recapture Amount or Credit Reallocation Amount.

B. Distributions of Capital Transaction Proceeds

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);
Third, to the repayment of any outstanding Deferred Development Fee and any interest accrued thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the repayment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

Fifth, to the Investor Limited Partner an amount equal to any unpaid amount of the Cumulative Priority Distribution;

Sixth, to the Investor Limited Partner an amount equal to (a) the excess of the Recapture Amount determined under Section 10.5 over the sum of all Cash Flow distributions theretofore made to the Investor Limited Partner to effect payment of Recapture Amounts or Credit Reallocation Amount less (b) amounts previously paid to the Investor Limited Partner pursuant to this Clause Sixth;

Seventh, $10,000 to the Special Limited Partner; and

Eighth, the balance of such proceeds, if any, shall be distributed 20% to the Investor Limited Partner, 25% to the General Partner, and 55% to the Class B Limited Partner.

C. Sharing of Distributions

All distributions to the respective classes composed of the Special Limited Partner and the General Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. Proceeds from Insurance

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation after payment of debts and obligations of the Partnership, such proceeds shall be applied and distributed as follows: first, pursuant to Section 10.1B First; second, pursuant to Section 10.1B Second, third, to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution that has been contributed to date, less the value of the Federal Tax Credits and losses taken and less any cash distributions received under Section 10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

Section 10.2. Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital Account
following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in his Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of a Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the “Designated Amount”) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, “unrealized appreciation” or “unrealized depreciation” shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article, for each fiscal year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners and 99.99% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:
As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Fifth through Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided, however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Fifth through Eighth of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners and 99.99% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C. shall prevent
the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any fiscal year, then the allocation of profits and losses under Section 10.3A for such fiscal year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner’s Capital Account to exceed such Limited Partner’s share of Partnership Minimum Gain plus such Limited Partner’s share of Partner Nonrecourse Debt Minimum Gain. Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner’s Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.6B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner’s share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.
B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives (1) an allocation of loss or deduction or expenditures described in Section 705(a)(2)(B) of the Code made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as a result of a distribution by the Partnership of unrealized receivables or inventory items or (2) a distribution, and such allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Recapture Amount

A. If at any time during the Compliance Period, the Project ceases to be a “qualified low income housing project” (as defined in Section 42(g)(1) of the Code) or any Low-Income Unit ceases to be a “low income unit” (as defined in Section 42(i)(3) of the Code), and as a result thereof all or any portion of credits allowed to the Partnership and its Partners under Section 42 of the Code are subject to recapture pursuant to Section 42(j) of the Code (such an occurrence being referred to herein as a Recapture Event), the Investor Limited Partner shall become entitled to additional cash distributions equal to the Recapture Amount.

B. The Recapture Amount is an amount that, after deduction of all federal income taxes payable by the Investor Limited Partner (or its partners) as computed under Section 10.5D below, is equal to the sum of (i) the “credit recapture amount” allocable to the Investor Limited Partner as defined in Section 42(j) of the Code (together with any interest or penalties incurred in connection with such credit recapture amount to the extent not otherwise included in such definition) plus (ii) the amount of credits allocable to the Investor Limited Partner which are disallowed in the year of the Recapture Event and in each subsequent year. Notwithstanding the foregoing, however, the Recapture Amount attributable to an event which also results in a reduction of the Capital Contribution of the Investor Limited Partner pursuant to Section 5.1B shall be zero if such reduction is actually effected by reduction of subsequent Installments or Tax Credit Shortfall Payments by the General Partners.
C. Any Recapture Amount distributable to the Investor Limited Partner pursuant to the foregoing provisions shall be distributed as funds become available for such distributions, but such distributions shall not be made prior to (i) in the case of the "credit recapture amount," the year of the Recapture Event and (ii) in the case of any credits disallowed with respect to any year subsequent to the Recapture Event, in each such subsequent year.

D. Determination of the Recapture Amount shall be made on the assumption that receipt or accrual by each partner of the Investor Limited Partner of any amounts distributable to such partner under Section 10.5C above will currently be subject to United States federal income tax at the highest marginal rate applicable to corporations for the year(s) in question (giving effect to the application of the alternative minimum tax).

E. All computations required under this Section 10.5 shall be made reasonably by the Investor Limited Partner, and the results of such computations, together with a statement describing in reasonable detail the manner in which such computations were made, shall be delivered to the Managing General Partner in writing. Within fifteen (15) days following receipt of such computation, the Managing General Partner may request that the Accountants determine whether such computations are reasonable and are not erroneous. If the Accountants determine that such computations are unreasonable or contain errors, then the Accountants shall determine what they believe to be the appropriate computations. If the Investor Limited Partner does not agree with the determination of the Accountants, then another accounting firm other than the Accountants to be selected jointly by the Investor Limited Partner and the Managing General Partner or, if they cannot agree, by the American Arbitration Association, from among the ten largest national accounting firms, shall make such computations. The computations of the Investor Limited Partner, the Accountants, or the other accounting firm so selected, whichever is applicable, shall be final, binding and conclusive upon the parties. All fees and expenses payable to an accounting firm other than the Accountants under this paragraph shall be borne solely by the Managing General Partner. All fees and expenses payable to the American Arbitration Association shall be borne equally by the General Partners and the Investor Limited Partner.

F. In the event that a claim is made by the Service which, if successful, would result in the determination that a Recapture Event has occurred, the Investor Limited Partner hereby agrees to take such action in connection with contesting such claim as the Managing General Partner shall reasonably request in writing from time to time; provided that: (i) within thirty (30) days after receiving notice of such claim, the Managing General Partner shall request that such claim be contested; (ii) the Investor Limited Partner shall not enter into a settlement or compromise with the Service with respect to, or shall otherwise concede, any claim which the Managing General Partner has requested be contested without the prior written consent of the Managing General Partner, which shall not be unreasonably withheld or delayed; and (iii) notwithstanding the foregoing, the Investor Limited Partner, in its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Service and pay (or cause its partners to pay) the tax claimed and sue for a refund in the appropriate United States District Court and/or the Court of Federal Claims, considering, however, in good faith such request as the Managing General Partner shall make concerning the most appropriate forum in which to proceed, in which event the Managing General Partner shall, if the Managing General Partner desires, contest such claim in the United States District Court or the Court of Federal Claims. The Investor Limited Partner agrees to notify the Managing General Partner in writing.
of any such claim and agrees not to make payment of the tax for at least thirty (30) days after giving such notice and agrees to give the Managing General Partner any information that is relevant and material to contest such claim and to cooperate in all reasonable respects with the Managing General Partner in good faith in order to contest any such claim effectively. The Managing General Partner and its counsel shall maintain confidentiality with respect to all such information insofar as is possible, consistent with the conduct of a contest hereunder. All reasonable legal and accounting fees and other third party costs and expenses incurred by the Investor Limited Partner or its partners in contesting a claim or with respect to such litigation shall be borne by the Managing General Partner.

G. If any claim referred to above shall be made by the Service and the Managing General Partner shall have reasonably requested the Investor Limited Partner or its partners to contest such claim as above provided and shall have duly complied with all of the terms of the foregoing provisions, the Recapture Amount as a consequence of such claim shall become fixed upon the Final Determination of the liability of the Investor Limited Partner or its partners for the tax claimed and after giving effect to any refund obtained, together with interest thereon; but in all other cases the Recapture Amount shall become fixed at the time the Investor Limited Partner or its partners agree to the adjustments relating to such claim.

Section 10.6. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of
Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

   (1) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

   (2) Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

   (3) Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.

   (4) Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

   (5) Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

   (6) Capital Accounts shall be increased by allocations of profits under Section 10.3A.

   (7) Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

   (8) Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

   (9) Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.99% interest in profits of the Partnership and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.
H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any fiscal year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4).

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

**ARTICLE XI**

**Management Agent**

Section 11.1. Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Agency to manage the Project in accordance with the requirements of each Lender and Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Alpha-Barnes Real Estate Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 4% of gross rental income or the maximum amount permitted by any relevant Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable governmental agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,
(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a “qualified low-income housing project” under Section 42(g) of the Code or any of the Low Income Units in the Project ceases to qualify as a “low income unit” under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.
ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall, at all times be maintained at the offices of the Developer until the Completion Date, and thereafter at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each fiscal year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement under which such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each fiscal year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partners shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partners shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within forty-five (45) days after the end of such fiscal year. The General Partners shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partners fail to
complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner within such time periods, shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership's fiscal year, the General Partners shall pay as damages the sum of $250 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Investor Limited Partner until such Schedule K-1, and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partners and failure to so pay shall constitute a default of the General Partners under Section 6.3C. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to the Incentive Management Fee and any Cash Flow. Such payments of the Incentive Management Fee and Cash Flow shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Incentive Management Fee and Cash Flow otherwise due to the General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partners shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each fiscal year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such fiscal year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the
amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any governmental entity, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the governmental entity and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Agency or Lender promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership. The General Partner shall authorize the Developer to execute draw requests on behalf of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current fiscal year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the credit period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.
J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a “Radon Report”) for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association (“NEHA”) National Radon Proficiency Program or (b) The National Radon Safety Board (“NRSB”). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything
Section 12.5. Fiscal Year

The fiscal year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by teletypewriter or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to a Partner, at its address set forth in the Schedule, with copies to MMA Evergreen at Plano, LLC, c/o MMA Financial, LLC, 101 Arch Street, Boston, Massachusetts 02110, Attention: Investor Services Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq., Coats, Rose, Yale, Ryman & Lee, 3 Greenway, Suite 2000, Houston, TX 77046; Cynthia Bast, Esq., Locke Liddell & Sapp LLP, 100 Congress Avenue, Suite 300, Austin, TX 78701; and if to the Servicing Agent or Bond Lender, Attn: Director, Asset Management, MuniMae Portfolio Services, LLC, 621 East Pratt Street, Third Floor, Baltimore, MD 21202.

Section 13.2. Word Meanings

The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to "Sections" or "Articles" are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.


The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assigns of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.
Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Dallas, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall
be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

   (i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Dallas County of the State of Texas or the courts of the United States located in Dallas, Texas;

   (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

   (iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

   (iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9. Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the Filing Office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.
Section 13.11. Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.

Section 13.13. Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner and the Class B Limited Partner (with a copy to the Servicing Agent). All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above. So long as the Fleet Pledge is outstanding, any amendment of those provisions herein of which Fleet, as Agent, is a third party beneficiary, or any other amendment to any other provision herein which would materially affect Fleet's rights and priorities as Agent under the Fleet Pledge, shall require the prior written consent of Fleet. Fleet, as Agent, is an intended third party beneficiary of this section.

[Remainder of page intentionally left blank]
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: PWA-2004 G.P., LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: Don Maison, President and CEO

INVESTOR LIMITED PARTNER: MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, by its managing member, Midland Equity Corporation, a Florida corporation

By: Marie H. Keutmann, Principal

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: Marie H. Keutmann, Principal

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: PWA-2004 G.P., LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: _____________________________
Name: Don Maison, President and CEO

INVESTOR LIMITED PARTNER: MMA FINANCIAL BOND WAREHOUSING, LLC, a Maryland limited liability company, by its managing member, Midland Equity Corporation, a Florida corporation

By: _____________________________
Marie H. Keutmann, Principal

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: _____________________________
Marie H. Keutmann, Principal

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: _____________________________
Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: _____________________________
Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: _____________________________
Bradley E. Forslund, President
Exhibit A

PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

SCHEDULE OF PARTNERS

As of May 1, 2004

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL PARTNER:</strong></td>
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</tr>
<tr>
<td>PWA-2004 G.P., LLC</td>
<td>$100</td>
<td>100%</td>
</tr>
<tr>
<td>800 N. Lancaster Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas, TX 75203</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 941-0523 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 941-8133 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS B LIMITED PARTNER:</strong></td>
<td>$10.00</td>
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<tr>
<td>Churchill Residential, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2811 McKinney Avenue, Suite 354, LB 101</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas, TX 75204</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 720-0430 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 720-0434 (Fax No.)</td>
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<tr>
<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
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<td>MMA Special Limited Partner, Inc.</td>
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<tr>
<td>101 Arch Street</td>
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<td></td>
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<tr>
<td>Boston, MA 02110</td>
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<tr>
<td>(617) 439-3911 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
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<tr>
<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
<td>$4,870,000*</td>
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<td>MMA Financial Bond Warehousing, LLC</td>
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</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
<td></td>
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</tr>
<tr>
<td>Following the Initial Transfer Date:</td>
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<td></td>
</tr>
<tr>
<td>MMA Evergreen at Plano, LLC</td>
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<td></td>
</tr>
<tr>
<td>101 Arch Street</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston, MA 02110</td>
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<tr>
<td>(617) 439-3911 (Telephone No.)</td>
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</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
<td></td>
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</tr>
</tbody>
</table>

*Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR

PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

List of Related Agreements:

1. Partnership Agreement
2. Development Agreement
3. Incentive Management Agreement
4. Investment Assumptions
5. Guaranty Agreement
6. Closing Certificate
7. Opinion of Local Counsel
8. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of Bond Loan closing, if later) in amount of $19,629,000 with any and all relevant endorsements available in Texas
9. Tax Credit Approval
10. Balance Sheet of Partnership (unaudited, dated as of closing date)
13. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement)
14. Evidence of Lender/Agency required consents satisfactory to the Investor Limited Partner.
15. Environmental Site Assessment satisfactory to the Investor Limited Partner.
17. Marketing Study satisfactory to the Investor Limited Partner.
Exhibit C

Insurance Requirements

(i) The General Partners shall cause the Partnership to maintain the following insurance types and coverages:

(1) “all risk” builders risk insurance satisfactory to the Special Limited Partner covering all property to be incorporated into the completed Project, whether under construction, stored on or off the Land or in transit, in an amount of not less than the full completed value of the Project (including architectural fees). Such insurance shall be written on a completed value form, may be subject to a per loss deductible not to exceed $10,000 and shall be specifically endorsed to provide coverage for the cost of any total or partial demolition of the Project required by law. Additional coverages shall be provided as follows for Projects located as set forth below:

(a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as determined by independent engineers retained by the Special Limited Partner; and

(b) if the Project is located within ten miles off the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project's total insured value; and

(c) if the Project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any subdesignation of Zone “A”), National Flood Insurance Plan (NFIP) coverage is required with a deductible no greater than $500 per building. This coverage shall be obtained in addition to the “all risk” property insurance described in subparagraph (1) above;

the insurance described in this subparagraph (1) shall remain in force for the benefit of the Partnership until the Completion Date shall have occurred and the insurance coverage described in subsection (iv) below shall be in place;

(2) commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate; and
(3) excess or umbrella liability insurance in an amount of not less than $5,000,000 (combined single limit), the terms of which shall follow the form of a general liability coverage specified in subparagraph (2) above.

(ii) The General Partners shall cause the Builder to obtain and maintain the following insurance types and coverages:

1. commercial general liability insurance in amounts of not less than $1,000,000 per occurrence (combined single limit), $2,000,000 general policy aggregate and $1,000,000 product-completed operations aggregate. Such aggregate amounts of insurance shall apply separately to the Project. The Builder's commercial liability insurance shall apply as primary insurance with respect to any other insurance maintained by the Partnership and shall specifically name the Partnership and the Investor Limited Partner as additional insureds;

2. contractors professional liability in an amount of not less than $1,000,000 in the aggregate;

3. comprehensive automobile insurance in an amount of $1,000,000 combined single limit covering liability arising out of any owned, non-owned or hired vehicle utilized by the Builder in conjunction with the Project;

4. workers compensation insurance providing statutory benefits to all employees of the Builder and employer's liability coverage in an amount of not less than $500,000; and

5. excess or umbrella liability in an amount of not less than $5,000,000 (combined single limit) which follows the form of all underlying liability insurance (excepting contractors professional liability) maintained by the Builder pursuant to this Agreement.

(iii) The General Partners shall use their best efforts to assure that the Builder shall cause each of its subcontractors to purchase and maintain insurance of the types specified in subparagraph (ii) above. The General Partners shall obtain from the Builder copies of certificates of insurance evidencing such coverage for each such subcontractor.

(iv) Commencing on the Completion Date and at all times thereafter, the General Partners shall cause the Partnership to maintain the following insurance types and coverages:

1. "all risk" property insurance in an amount of not less than the minimum amount required by any Lender, or the full replacement cost of all real and personal property, whichever is greater. Such contract of insurance shall include loss of rents coverage in an amount of not less than the Project's currently projected annual gross rent, an agreed amount endorsement covering all property and rental values and a standard building laws endorsement, including coverage for building ordinance compliance, demolition and increased cost of construction,
and shall be subject to a per loss deductible not to exceed $10,000. Additional coverages shall be provided as follows for Projects located as set forth below;

(a) if the Project is located in California, earthquake coverage in an amount acceptable to the Special Limited Partner and subject to a deductible not to exceed 5% of the total insured value of the Project; provided, however, that such requirement shall be waived if the Project is shown to have an expected seismic damage ratio not greater than 10% as determined by independent engineers retained by the Special Limited Partner; and

(b) if the Project is located within ten miles of the coast of Florida, Alabama, Louisiana, Mississippi, North Carolina, South Carolina or Texas, windstorm coverage in an amount not less than the total insured value of the Project, which coverage shall be subject to a deductible not greater than 2% of the Project's total insured value; and

(c) if the Project is located within a one hundred (100)-year flood plain (FEMA Flood Zone “A” - or any subdesignation of Zone “A”), National Flood Insurance Plan (NFIP) coverage is required with a deductible no greater than $500 per building. This coverage shall be obtained in addition to the “all risk” property insurance described in subparagraph (1) above; and

(d) the above “all risk” policy shall not contain any exclusion for acts of terrorism. If the above policy contains such an exclusion, the Partnership shall obtain separate insurance covering any such exclusion for terrorist acts, provided that such coverage is available in the marketplace, purchased by similar properties in the same region, and available at a commercially reasonable price.

(2) commercial general liability insurance, issued in the name of the Partnership, in amounts of not less than $1,000,000 per occurrence (combined single limit) and $2,000,000 in the aggregate;

(3) workers compensation insurance providing statutory benefits for all employees of the Partnership, and employer's liability insurance for the benefit of the Partnership in an amount of not less than $1,000,000;

(4) obtain and maintain a contract of comprehensive automobile insurance, including non-owned automobile liability, for the benefit of the Partnership in an amount not less than $1,000,000 (combined single limit); and

(5) obtain and maintain a contract of excess or umbrella liability insurance in an amount not less than $5,000,000 (combined single limit), which follows the form of all underlying liability contracts and is issued in the name of the Partnership.
(v) The General Partners shall cause the Management Agreement to require that the Management Agent obtain and maintain at all times with respect to the Project the insurance coverage as required in clause (iv) above, to the extent that the General Partners have not arranged for such coverage and to require that the Management Agent maintain:

(1) a policy of commercial general liability insurance in amounts not less than $1,000,000 per occurrence and $2,000,000 in the aggregate which shall name the Partnership as an additional insured;

   (a) the above commercial general liability policy shall contain no exclusion for mold or other bacterial contaminants. If the policy does contain such exclusion, the Partnership shall secure coverage for these exclusions by buying back the coverage from the liability carrier or purchasing an environmental liability policy that does not contain this exclusion.

(2) worker's compensation coverage for that company's employees;

(3) a fidelity bond in an amount not less than six (6) months of Project gross rental receipts;

(4) comprehensive automobile liability insurance (where applicable) in an amount not less than $1,000,000 (combined single limit); and

(5) property manager's professional errors and omissions insurance in an amount not less than $1,000,000 (the Management Agent shall provide the General Partners with evidence of the required coverage in the form of current certificates of insurance for as long as the Management Agreement shall remain in force).

All of the insurance policies required by this Exhibit C shall (a) be written by insurance companies which are licensed to do business in the State where the Project is located, or obtained through a duly authorized surplus line insurance agent or otherwise in conformity with the laws of such State, with a rating of not less than the third (3rd) highest rating category by any one of the Rating Agencies or with an A.M. Best Company, Inc. rating of <A> or higher and a financial size category of not less than VII or a rating of at least BBBo in the Insurer Solvency Review published by Standard & Poor's; (b) specifically identify the Investor Limited Partner as a named additional insured with the Partnership as the named insured; and (c) include a provision requiring the insurance company to notify the Investor Limited Partner in writing no less than thirty (30) days prior to any cancellation, non-renewal or material change in the terms and conditions of coverage. In addition, the General Partners shall provide the Investor Limited Partner with certificates of insurance and certified copies of all insurance contracts required by this Exhibit C within thirty (30) days of their inception and subsequent renewals.

The General Partners shall review regularly all of the Partnership and Project insurance coverage to insure that it is adequate. In particular, the General Partners shall review at least annually the insurance coverage required hereunder to insure that it is in an amount at least equal to the then current full replacement value of the Improvements.
Without limitation of the foregoing, the General Partners shall deliver to the Investor Limited Partner on or before the date of Investment Closing one or more certificates or memoranda or insurance, in form reasonably acceptable to the Investor Limited Partner, evidencing, (i) the existence of the insurance policies and coverages specified above, (ii) that the Partnership and its Partners (including the Investor Limited Partner and Special Limited Partner) are named as additional insureds, and (iii) that such insurance policies will not be cancelled by the insurers except within thirty (30) days' written notice to the Investor Limited Partner. From time to time following Investment Closing, the General Partners shall deliver to the Investor Limited Partner such further certificates or memoranda of insurance as the Investor Limited Partner may reasonably require to confirm that such insurance and notice provisions with respect to insurance under this Agreement have been complied with.
Exhibit D

PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the “General Partners”) of PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC, a Maryland limited liability company and its successors and assigns (the “Investor Limited Partner”), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the “Partnership Agreement”), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: ____________________________  
Name: ____________________________  
Title: ____________________________
DETERMINATION OF BREAK-EVEN REQUIREMENT FOR DEVELOPMENT OBLIGATION DATE

[Date], 20__

MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of May 1, 2004 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Plano Parkway, an apartment complex located in Plano, Texas (referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended [Date], 20__.

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit E

PWA- Plano Independence Senior Community, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $973,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: _________________________
Name: _________________________
Title: _________________________
Exhibit F

PWA- PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $1,047,000, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Two Hundred Seventy (270) Days have passed after the Admission Date.

4. The 75% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
__________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: __________________________
Name: _________________________
Title: __________________________
Exhibit G

PWA- PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $657,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: ______________________
Name: ______________________
Title: ______________________
Exhibit H

PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $243,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Annual Credit and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. The Partnership has achieved a Debt Service Coverage Ratio of 110% for each of three (3) consecutive months, as evidenced by the attached determination letter.

6. The Initial Occupancy Date has occurred.

7. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

8. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

9. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

10. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

11. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.
Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: ______________________
Name: ______________________
Title: ______________________
MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: MMAF Asset Management

Re: PWA-Plano Independence Senior Community, L.P., a Texas limited partnership
(the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement
of Limited Partnership of the Partnership among MMA Financial Bond Warehousing, LLC, a
Maryland limited liability company ("MMAF") and other parties dated as of May 1, 2004 (the
"Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have
the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Evergreen at Plano
Parkway (an apartment complex located in Plano, Texas, referred to herein as the "Project"), we
have performed the following procedures.

We have compiled a statement of the development costs through _______, 200_ and
the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all
inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both
the assumptions used and the information provided to us by the Partnership.

We have determined that the Annual Credit properly allocable to MMAF as the Investor
Limited Partner will be approximately $_______.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on
which the above determinations are based are incorrect or inappropriate.
In making these determinations, we have assumed that 100% of the apartment units in the Project will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: PWA Plano Independence Senior Community, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of May 1, 2004 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Plano Parkway (an apartment complex located in Plano, Texas referred to herein as the “Project”), we have performed the following procedures:

- We have compiled a statement of income and expenses for the _____ months ended ____________, 20__.
- We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.
- We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)
- We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.
- We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on _________ 20__ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: _______________________________
Exhibit I

PWA- PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

SIXTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Financial Bond Warehousing, LLC (the “Investor Limited Partner”), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $243,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 115% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Permanent Mortgage Commencement has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
___________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: ______________________
Name: ______________________
Title: ______________________
DETERMINATION OF DEBT SERVICE COVERAGE RATIO

MMA Financial Bond Warehousing, LLC
101 Arch Street, 13th Floor
Boston, MA 02110
Attention: Asset Management

Re: PWA Plano Independence Senior Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of May 1, 2004 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Plano Parkway (an apartment complex located in Plano, Texas referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the _____ months ended ________, 20__.

We have obtained an annual budget prepared by the Project's management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on _______ 20_ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ___________________________
Exhibit J

PWA-PLANO INDEPENDENCE SENIOR COMMUNITY, L.P.

SEVENTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of PWA-Plano Independence Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Financial Bond Warehousing, LLC (the "Investor Limited Partner"), pursuant to Section 5.1C(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of May 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $243,000 there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. The Partnership has received satisfactory evidence that the Project has been granted a Tax Exemption.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
________, 20__.

PWA-2004 G.P., LLC, a Texas limited liability company,

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its sole member

By: ______________________
Name: ______________________
Title: ______________________
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009
Existing Development Name Evergreen at Plano

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Kate,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Hunt/Morrison Grove Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Plano, Plano Texas
Churchill at Pinnacle Park, Dallas Texas
Evergreen at Keller, Keller Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 6, 2019

Texas Department of Housing and Community Affairs
Attn: Spencer Duran, Section 811 PRAC Program Manager
221 E. 11th Street
Austin, TX 78701

Re: Existing TDHCA Properties for 811 Consideration

Dear Mr. Duran:

As the syndicator for the following developments that have been financed with Low Income Housing Tax Credits, we have reviewed your request to enter into a Section 811 contract to provide additional Section 811 units at the following properties.

Churchill at Pinnacle Park – Section 811 Project ID#4058
Evergreen at Keller Senior Community – Section 811 Project ID#4185
Evergreen at Plano Senior Community – Section 811 Project ID#4050

These properties have been placed in service and were underwritten and closed without contemplation of additional Section 811 units. Because the potential impact to these transactions was not evaluated prior to closing, we do not approve the addition of Section 811 units for these properties at this time.

Please contact me with any questions.

Sincerely,

Tim Tarrant
Authorized Representative
Hunt LIHTC Holdings, LLC
TDHCA #04422 Churchill at Pinnacle Park

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?

☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?

☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?

☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?

☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Churchill at Pinnacle Park

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Hunt LIHTC Holdings, LLC

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 31-32 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
CHURCHILL AT PINNACLE PARK, L.P.

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of July 1, 2004
CHURCHILL AT PINNACLE PARK, L.P.

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of July 1, 2004 among LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited
liability company, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida
corporation, as Special Limited Partner; MMA PINNACLE PARK, LLC, a Delaware limited
liability company, as Investor Limited Partner; CHURCHILL RESIDENTIAL, INC., a Texas
corporation as Class B Limited Partner, and BRADLEY E. FORSLUND as Original (and
Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to
an Agreement of Limited Partnership dated as of March 26, 2004 (the “Original Partnership
Agreement”) and a Certificate of Limited Partnership dated as of March 24, 2004 (the
“Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing
Office”) on March 26, 2004.

The purposes of this amendment to, and restatement of, the Original Partnership
Agreement are to (i) admit the Investor Limited Partner and the Special Limited Partner as
Partners; (ii) to provide for the reclassification of Churchill Residential, Inc. from the "Special
Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited
Partner; (iii) to provide for the withdrawal of the Original Limited Partner as Limited Partner;
and (iv) to set out more fully the rights, obligations and duties of the Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is
hereby amended and restated in its entirety, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public
accountants as may be engaged by the General Partners with the Consent of the Investor Limited
Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Credit Amount” means the product of (i) 99.98% and (ii)
the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost
Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for
the Property) for the entire Credit Period, as such amount may be increased or decreased as a
result of a subsequent determination by the Accountants, a Final Determination or a Recapture
Event.
"Adjustment Fraction" means a fraction separately determined as to each fiscal year, the numerator of which shall be the Consumer Price Index most recently published before the end of such fiscal year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys’ fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate or Affiliated Person of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership (or any other Affiliated Person) if that Person is not otherwise an Affiliate or Affiliated Person of the Partnership or General Partner.

"Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.
"Assignment" shall mean any assignment, transfer or sale, and the words "assign," "assignee" and "assignor" shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

"Bond Documents" means the Indenture, the Bonds, the Bond Loan Agreement, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.

"Bond Lender" means TD HCA, as maker of the Loan, together with its successors and assigns in such capacities.

"Bond Loan" means the loan in the amount of up to $10,750,000, to be made by the Bond Lender pursuant to the terms of the Bond Documents which will bear interest at a rate set forth in the Bond Documents which will mature on July 1, 2044.

"Bond Loan Agreement" means the Loan and Financing Agreement dated as of July 1, 2004 to be entered into by and between the Partnership and the Bond Lender relating to the disbursement of the Bond Loan.

"Bond Documents" means the Bond Loan Agreement, the Bond Loan Note, the Bond Mortgage, the Regulatory Agreement, and any other documents delivered by the Partnership in connection with the Bond Loan, as the same may be amended from time to time.

"Bond Loan Note" means the promissory note in the amount of $10,750,000 entered into by the Partnership evidencing the Bond Loan.

"Bond Mortgage" means collectively, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement entered into by the Partnership in favor of the Bond Lender to secure the Bond Loan.

"Bonds" means the $10,750,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Churchill at Pinnacle Park) Series 2004.

"Breakeven" means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants, the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies.
“Builder” means collectively, Shreve Land Construction as the subcontractor and LifeNet Community Behavioral Healthcare, as the contractor, and their successors.

“Building Permits” means any and all building permits needed to construct all of the Buildings constituting the Project in the manner set forth in the approved plans and specifications.

“Buildings” means the buildings to be located on the Land which, in the aggregate, will contain 200 dwelling units for the elderly upon completion of construction.

“Capital Account” means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner’s share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

“Capital Contribution” means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term “Capital Contribution” shall include any Special Capital Contribution.

“Capital Transaction” means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

“Cash Available for Debt Service Requirements” means, for any period of three (3) consecutive months beginning not earlier than Final Closing, the excess of (i) all Cash Receipts over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.
"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a fiscal year shall be considered a cash receipt of the Partnership for such Fiscal Year.

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"Class B Limited Partner" means Churchill Residential, Inc., a Texas corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"50% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 50% complete. Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"75% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 75% complete. Any representation by any General Partner under this Agreement that the 75% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.
within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the period described in Section 42(i) of the Code.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership's development and related costs for purposes of establishing the amount of Federal Tax Credits available to the Project.

"Credit Agency" means the Texas Department of Housing and Community Affairs.
“Credit Approval” means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $615,327.

“Credit Reallocation Amount” means the amount of any tax credits allocated to the General Partners instead of to the Investor Limited Partner as a result of the application of Section 704(b) of the Code.

“Cumulative Priority Distribution” means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

“Debt Service Coverage Ratio” means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants’ determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

“Debt Service Requirements” means, for any period of three (3) consecutive months beginning not earlier than Final Closing, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants. 

“Deferred Development Fee” has the meaning attributed thereto in the Development Agreement.

“Designated Prime Rate” means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.

“Designated Proceeds” means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not
otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"Determination Date" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"Developer" means Churchill Communities L.P., a Texas limited partnership.

"Development Advances" has the meaning set forth in the Development Agreement.

"Development Agreement" means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

"Development Amount" has the meaning attributed thereto in the Development Agreement.

"Development Costs" means all costs (other than the Deferred Development Fee) incurred to (i) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (ii) arrive at Final Closing in substantial conformity with the Project Documents, (iii) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (iv) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Project Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (v) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

"Development Obligation Date" means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3) consecutive calendar months, (iv) Permanent Mortgage Commencement, or (v) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.

"Document Schedule" means the Schedule of Documents attached hereto as Exhibit B.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.2B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.
"Eligible Development Costs" means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstarved and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or

(iii) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Federal Tax Credit Shortfall Payment" has the meaning provided in Section 5.2C.

"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Internal Revenue Code.
“Final Closing” means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Special Tax Counsel (or by an endorsement of either such title policy)), (iii) the completion by the Accountants of a certified audit of the Partnership's and the Builder's construction costs as a part of cost certification to the extent required by the Lenders and the Agency, (iv) the agreement and acceptance of such cost certification by the Lenders and the Agency to the extent required by the Lenders and the Agency, (v) all amounts due in connection with the construction of the Project have been paid or provided for, and (vi) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

“Final Determination” means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

“Fiscal Year” means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

“Fleet Pledge” has the meaning attributed thereto in Section 8.1D.

“Forward Commitments” means and includes, collectively, the Mortgage Loan Commitment, and any documents and other instruments delivered to or required by the Lenders or the Agency by or from the Partnership in connection with any of such commitments, any Mortgage Loan or the Project, as amended from time to time.

“General Partners” means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term “General Partners” shall be construed as singular.

“Guarantor” means LHTE Equipment, LLC, a Texas limited liability company.

“Guaranty Agreement” means the joint and several guaranty as of July 1, 2004, made by the Guarantor in favor of the Investor Limited Partner.
“Hazardous Material” shall have the collective meanings given to the terms “hazardous material,” “hazardous substances,” “hazardous wastes,” “toxic substances” and analogous terms in the Hazardous Waste Laws.

“Hazardous Waste Laws” means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

“Improvements” means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

“Incentive Management Agreement” means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

“Incentive Management Fee” means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.

“Indenture” means the Trust Indenture dated as of July 1, 2004 by and between the Bond Lender and the Trustee.

“Independent Appraiser” means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner and the Special Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.
"Inspecting Architect" means Hensley Lamkin Rachel, Inc. or any successor to such firm.

"Installment" means any Installment of the Capital Contributions of the Investor Limited Partner referred to in Section 5.1.

"Interest," or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

"Investment Assumptions" means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.

"Investment Closing" means the date of delivery of this Agreement.

"Investor Limited Partner" means MMA Pinnacle Park, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1D, and their respective successors in such capacity.

"Land" means the parcels of land on which the Improvements are located in Dallas, Texas, as described in the Mortgage.

"Lease-Up Reserve" means the lease-up fund, as required under the terms of the Indenture, in the amount of $313,061 to be established pursuant to Section 6.9C.

"Lender" means collectively, the Bond Lender and the Servicing Agent, as the context may require.

"Limited Partner" or "Limited Partners" mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

"Low Income Unit" means any of the 200 dwelling units for the elderly in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

"Management Agent" means Alpha-Barnes Real Estate Services, in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

"Management Agreement" means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.
"Management Fee" means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

"Managing General Partner" means any Managing General Partner designated as provided in Section 6.3B.

"Material Default" has the meaning set forth in Section 7.7B.

"MMA" means MMA Financial TC Corp., a Delaware corporation.

"Mortgage" means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, "Mortgage" shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term "mortgage" means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and "foreclose" and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

"Mortgage Loan" means the Bond Loan.

"Mortgage Loan Commitment" means the commitment of the Bond Lender to make the Bond Loan of up to $10,750,000.

"Mortgage Loan Documents" means Bond Documents.

"Net Capital Contribution" means $5,106,000.

"Note" means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

"Operating Expense Loan" means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

"Operating Expenses" means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums with respect to the Mortgage Loans (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without
limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Agency or pursuant to the Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.

"Other Development Costs" means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1C(i).

"Permanent Mortgage Commencement" means the date on which the full amount of the Bond Loan has been advanced to the Partnership, and principal payments to Trustee on the Bond Loan have commenced as required under the Indenture.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.
“Priority Distribution” means, as to any Fiscal Year of the Partnership, the product of the “Applicable Amount” times the Adjustment Fraction determined in accordance with the following sentence. The “Applicable Amount” shall be zero until the Completion Date and $7,500 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

“Project” or “Property” means the Land and the Improvements.

“Project Documents” means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, the Forward Commitments and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

“Projected Aggregate Federal Credit Amount” means $6,152,040 which is the product of (i) 99.98% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term “Projected Aggregate Federal Credit Amount” shall mean the Adjusted Aggregate Federal Credit Amount, provided that any required adjustment(s), payment(s) or Federal Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

“Qualified Income Offset Item” means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

“Qualified Tenant” means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

“Recapture Amount” has the meaning specified in Section 10.5.

“Recapture Event” means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership's Tax Credits under Section 42(j) of the Code or other applicable provisions of law and/or which results in a disallowance of any Tax Credits previously claimed by the Partnership.
“Regulations” means the rules and regulations of any Agency which are applicable to the Project or the Partnership.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement, any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered or to be entered into between or by the Partnership and/or for the benefit of any Lender or Agency with respect to the Project, as amended from time to time.

“Related Agreements” means each agreement, promissory note and certificate referred to in the Document Schedule.

“Related Person” has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

“Removal Notice” shall have the meaning set forth in Section 7.7.

“Removal Notice Date” shall have the meaning set forth in Section 7.7.

“Replacement Reserve” means the replacement reserve in the amount of $200 per unit per year to be established pursuant to Section 6.4J.

“Requisite Approvals” means any required approvals of the Lender and each Agency to an action proposed to be taken by the Partnership.

“Retirement” (including the forms “Retire” and “Retired”) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition (except by reason of death) of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, “controlling interest” shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Schedule” means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

“Service” means the Internal Revenue Service.
“Servicing Agent” means the entity acting from time to time in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“SLP” means MMA Special Limited Partner, Inc., a Florida corporation.

“Special Capital Contribution” means a capital contribution described in and made pursuant to Section 6.9A.

“Special Endorsements” means non-imputation, comprehensive, contiguity (if the Land consists of more than one parcel), access, zoning (including any applicable parking provisions), Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

“Special Limited Partner” means SLP as Special Limited Partner and its successors in such capacity.

“Special Tax Counsel” means Holland & Knight LLP of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“State” means the State of Texas.

“Substitute Limited Partner” means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.1D or 8.2.

“Supervisory Management Agent” means LifeNet-Pinnacle Park GP, L.L.C., a Texas limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their capacity as such.

“Tax Credit Application” means the application submitted to the Credit Agency to obtain the Credit Approval, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

“Tax Credit Shortfall Payments” means Federal Tax Credit Shortfall Payments.

“TDHCA” means the Texas Department of Housing and Community Affairs.

“Tenant Income Certification” means a tenant’s initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.
“Title Policy” means the Texas owner’s policy of title insurance issued to the Partnership by Commonwealth Land Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $15,856,000.

“TMP” means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.


“Uniform Act” means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

“Working Capital Loan” means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

Continuation; Name; and Purpose

Section 2.1. Continuation

The parties hereto hereby agree to continue the limited partnership known as Churchill at Pinnacle Park, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 10405 E. Northwest Highway, Suite 100, Dallas, TX, 75238. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Bradley E. Forslund, 10405 E. Northwest Highway, Suite 100, Dallas, TX, 75238.

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:
(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute any and all notes, mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.
(xi) To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

Term and Dissolution

A. The Partnership shall continue in full force and effect until December 31, 2054, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

   (i) the sale or other disposition of all or substantially all the assets of the Partnership;

   (ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;

   (iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

   (iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

Partners; Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is LifeNet-Pinnacle Park GP, L.L.C., and its addresses and Capital Contribution are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions) exceed $100 without the Consent of the Investor Limited Partner.
B. In the event the entire Development Amount has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partners shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2. Limited Partners

A. MMA Special limited Partner, Inc. is hereby admitted to the Partnership as the Special Limited Partner. Its address and Capital Contributions are set forth in the Schedule.

B. Churchill Residential, Inc. is hereby reclassified from the "Special Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited Partner of the Partnership. Its address and Capital Contributions are set forth in the Schedule.

C. MMA Pinnacle Park, LLC is hereby admitted to the Partnership as the Investor Limited Partner. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Bradley E. Forslund. By his execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3. Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term “substituted Partner,” as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner’s Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the
Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII, Article VIII.

Section 4.4. Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5. Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.

Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement, the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors, administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.
ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $5,106,000 payable in seven (7) installments (the “Installments”) as follows:

(i) the first Installment (the “First Installment”) in the amount of $1,532,000 shall be paid on the latest of (a) the Admission Date and (b) closing of the Bond Loan;

(ii) the second Installment (the “Second Installment”) in the amount of $1,021,000 shall be paid on the latest of (a) one-hundred eighty (180) days after the Admission Date, (b) the 50% Completion Date and (c) receipt by the Investor Limited Partner of Building Permits;

(iii) the third Installment (the “Third Installment”) in the amount of $1,277,000, shall be paid on the latest of (a) two hundred seventy (270) days after the Admission Date and (b) the 75% Completion Date;

(iv) the fourth Installment (the “Fourth Installment”) in the amount of $511,000 shall be paid on the Completion Date;

(v) the fifth Installment (the “Fifth Installment”) in the amount of $281,000, shall be paid upon the latest of (a) Final Closing, (b) the date the Accountants determine the amount of the Federal Tax Credits, and (c) the date the Partnership achieves a 110% Debt Service Coverage Ratio for each of three (3) consecutive months;

(vi) the sixth Installment (the “Sixth Installment”) in the amount of $255,000, shall be paid upon the latest of (a) the date the Partnership achieves a 115% Debt Service Coverage Ratio for three (3) consecutive months, and (b) Permanent Mortgage Commencement;

(vii) the seventh Installment (the “Seventh Installment”) in the amount of $229,000, shall be paid upon the receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the “Payment Certificate”), in the forms attached hereto as Exhibits E through I, relating to the appropriate remaining Installments, dated
the date such Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) business days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) business days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $615,327 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.2.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the “Federal Adjustment Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount is less than the Projected Aggregate Federal Credit Amount (the resulting product being referred to
herein as the “Federal Adjustment Amount”). Prior to the release of the Fifth Installment, the
“Adjustment Factor” shall be an amount equal to $0.83. From and after the release of the Fifth
Installment, the “Adjustment Factor” shall be an amount equal to $0.914. The Federal
Adjustment Amount shall be increased by 10% per annum commencing on the Admission Date
and continuing until the payment of the amount of such reduction in full (for purposes of this
sentence, any reduction effected by reduction in the amount of an Installment as provided in
Section 5.2C shall be deemed to have been paid on the date on which such Installment shall
actually become payable hereunder).

B. Federal Timing Adjuster If at any time and from time to time the Accountants
shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to
which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner
is less than $107,661 in 2005, $551,120 in 2006, and $615,204 in 2007 (the “Target Amounts”),
then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each
$1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than
$107,661 in 2005, $551,120 in 2006, and $615,204 in 2007 (a "Federal Timing Adjustment”)
Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Credit
Amount shall vary from the Projected Aggregate Federal Credit Amount in effect on the date of
the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be
adjusted by the same percentage by which the Adjusted Aggregate Federal Credit Amount varies
from the Projected Aggregate Federal Credit Amount.

C. Payment of Federal Adjustments Any Federal Adjustment Amount (as increased
pursuant to the last sentence of Section 5.2A) or Federal Timing Adjustment shall be applied first
to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the
Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal
Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) and Federal
Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners
shall make a payment (a “Federal Tax Credit Shortfall Payment”) to the Investor Limited Partner
in the amount of such excess within thirty (30) days of the date of the determination in question.
Unless the treatment thereof as a Capital Contribution is approved in writing by the Investor
Limited Partner in its sole discretion, any such Federal Tax Credit Shortfall Payment by the
General Partners shall not constitute a Capital Contribution, loan or advance to the Partnership
and shall not be reimbursable by the Partnership, but shall be treated as a payment by the General
Partners to the Investor Limited Partner for breach of warranty by the General Partners to the
Investor Limited Partner. If full payment of such excess amount is not received within such
thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime
Rate.

D. Provisional Adjustments If, upon receipt by the Investor Limited Partner of a
Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a
reasonable basis to believe that the amount of such Installment would have been subject to
reduction if the Accountants had made a current determination or projection under Section 5.2A
or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7)
business days of receipt of such Payment Certificate, and the General Partners shall thereupon
engage the Accountants to make such determination or projection (unless the General Partners
and Investor Limited Partner shall mutually agree upon the adjustments to be made). The
amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants' subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2C above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

E. Federal Upward Basis Adjuster If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the "Federal Increase Factor" (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Credit Amount exceeds the Projected Aggregate Federal Credit Amount. The "Federal Increase Factor" shall be an amount equal to $0.83 for every $1.00 by which the Adjusted Aggregate Federal Credit Amount exceeds the Projected Aggregate Federal Credit Amount. In no event shall any increase in the Investor Limited Partner's Capital Contribution pursuant to this Section 5.2E exceed $500,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, in the event that, through the Completion Date: (1) the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), then the increased Capital Contribution payable under this Section 5.2E shall be reduced by an amount equal to 40% of any Net Interest Income.

Section 5.3. Repurchase of Investor Limited Partner's Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before August 1, 2007, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is
commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Special Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) any of the Forward Commitments is terminated, withdrawn or becomes unenforceable (except as a result of full performance thereof in accordance with its terms) and such Forward Commitment is not reinstated (or replaced on terms at least as favorable to the Partnership) within ninety (90) days; (5) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (6) the Project shall become ineligible for 50% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions;

(iii) any Lender or Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership; or

(iv) in the event Building Permits for the Project have not been received by the Investor Limited Partner by October 15, 2004.

B. If any such event set forth in Section 5.2A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner (with a copy to the Servicing Agent) of the obligations of the Class B Limited Partner hereunder to purchase the Investor Limited Partner’s Interest (such obligation being herein called a “Purchase Obligation” and such notice the “Purchase Obligation Notice”) within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an “Election Notice”) within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the Class B Limited Partner shall pay the Investor Limited Partner a purchase price (the “Purchase Price”) in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 110% of the Investor Limited
Partner’s Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or penalties payable in connection with any recapture of tax credits allocated to the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor Limited Partner’s Interest and (c) the amount of any tax credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners and Class B Limited Partner shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners and the Class B Limited Partner shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner, the Class B Limited Partner or the Partnership. Notwithstanding the purchase by the Class B Limited Partner of the Interest of the Investor Limited Partner pursuant to Section 5.2A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partners until payment in full of the Purchase Price therefor. Upon such payment, the General Partners shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the Class B Limited Partner of its Interest in the manner described in this Section 5.3.

F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date forward.

G. Should any Class B Limited Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.3, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner’s withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership shall give written notice to such defaulting Limited Partner (the “Defaulting Limited Partner”), who shall have thirty (30) days after such notice to make such payment. If the Defaulting Limited Partner fails to make such payment within such period, then such failure shall constitute a default by the Defaulting Limited Partner under this Agreement and all unpaid future Capital Contributions shall be
immediately payable and the Partnership shall have the following rights and remedies, to be
exercised as determined by the General Partner, without need for Consent of the Defaulting
Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and
concurrent and may be pursued separately, successively, or together except as is otherwise
provided in this Section, and such rights and remedies may be exercised as often as occasion
therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) **Sale of Interest.** After the notice of default by the Partnership and
expiration of the thirty (30) day cure period described above, the Partnership may
elect, upon ten (10) days' written notice to the Investor Limited Partner, to sell the
Investor Limited Partner's Interest in the Partnership. In connection with such
sale, the General Partner agrees to use reasonable best efforts to obtain the highest
price for the Investor Limited Partner's Interest. The Investor Limited Partner
shall receive any remaining net proceeds of such sale after satisfaction of the
obligations of the Investor Limited Partner hereunder.

(ii) **Actions for Specific Performance.** At any time, after the notice of
default by the Partnership and after expiration of the thirty (30) day cure period
described above, the Partnership may pursue any or all of the rights and remedies
available to the Partnership by law or as provided in this Agreement, including
suits, to recover all future Capital Contributions, interest thereon, and reasonable
costs and expenses, including reasonable attorney's fees, incurred in collecting
such amounts. The Partnership may pursue any such action or proceeding
simultaneously with the Partnership's exercise of its rights under subsection (i)
above.

(iii) **Interest.** After default by the Partnership, the defaulted future
Capital Contributions will bear interest at the Designated Prime Rate plus one
percent (1%) until paid in full, and such interest will be paid by Investor Limited
Partner as demanded by the Partnership.

(iv) **Certain Disputes.** Notwithstanding the foregoing, this Section 5.4
shall not apply, and the Investor Limited Partner shall not be deemed to be in
default hereunder, in the event a bona fide dispute exists as to the satisfaction of
any condition to the payment of an Installment. If such a dispute exists, such
dispute shall be submitted during the thirty (30)-day period described above for
non-binding mediation and then Arbitration in Dallas, Texas, in accordance with
the rules of the American Arbitration Association, and if the arbitrator (the
"Arbitrator") finds that all conditions to the disputed Installment were satisfied,
the Investor Limited Partner agrees that it will immediately pay the full amount of
the disputed Installment to the Partnership together with interest as described
above; provided, however, that (1) any finding by the Arbitrator shall not be final
or binding; (2) the Investor Limited Partner or the General Partner, as the case
may be, shall have the right, only after payment of the amounts described above,
to challenge the Arbitrator's finding in a court of competent jurisdiction; and (3)
in no event shall the payment by the Investor Limited Partner of the disputed
Installment be construed as a waiver of such right. The General Partner's rights
under this Section 5.4 shall not apply unless the Investor Limited Partner fails to
pay the full amount of the disputed Installment within ten (10) days following a
finding by the Arbitrator that all conditions to the disputed Installment were
satisfied (regardless of whether the Investor Limited Partner has exercised its
right to challenge the Arbitrator’s finding pursuant to (2) above). If the Investor
Limited Partner fails to pay such amounts within such ten (10) day period, the
Investor Limited Partner shall not be entitled to exercise its rights under (2) above
and the finding by the Arbitrator shall be deemed final and binding. In addition to
the requirements set forth above, testimony during Arbitration shall be limited to
three (3) days per party and the prevailing party shall be entitled to reimbursement
for any attorney’s fees incurred in connection with such Arbitration.

B. Notwithstanding the above, in order to secure the performance of the Investor
Limited Partner’s obligation to make Capital Contributions under this Agreement (subject to the
default and adjustment provisions herein), the Investor Limited Partner has granted to the
Partnership a security interest in the Investor Limited Partner’s Interest in the Partnership. The
Investor Limited Partner hereby represents that the security interest granted is a first security
interest in the collateral described subject and subordinate, if applicable, to the Bond Loan. The
Partnership will not take any action to foreclose against such security interest prior to thirty (30)
days written notice received by the Investor Limited Partner (the “Notice Period”). Further, if
the Investor Limited Partner contests such action within the Notice Period giving written protest
setting forth the basis of its objections (the “Protest Notice”), then the matter will be submitted to
binding arbitration as set forth herein. If the Investor Limited Partner does not contest such
action within the Notice Period by Protest Notice, then the Partnership may proceed, however,
the Investor Limited Partner will be given a reasonable opportunity to appear and bid at any
public or private sale of such Interest, or of any part thereof.

This agreement shall constitute the grant by the Investor Limited Partner and the Special
Limited Partner of a security interest in the entire Interest in the Partnership and for purposes
hereof the Special Limited Partner’s Interest shall be deemed included within the Investor
Limited Partner’s interest. The Partnership acknowledges that such security interest shall only
secure the Investor Limited Partner’s obligation to make Capital Contributions in accordance
with the terms hereof. The Partnership shall be entitled to file a UCC to reflect the terms hereof.
The Partnership acknowledges that the Investor Limited Partner has pledged its Interest to Fleet
National Bank (“Fleet”) as described in Section 8.1D hereof. The Partnership agrees that,
notwithstanding any contrary provision herein, it will give Fleet written notice (at the following
address: Fleet National Bank, Mail Code: MADE10304X, One Federal Street, Boston, MA
02110, Attention: John F. Simon, Vice President) of any default by the Investor Limited Partner
hereunder, and further agrees that Fleet will have sixty (60) days from its receipt of such notice
to cure any such default prior to the Partnership’s exercising any of its rights and remedies
hereunder or otherwise at law or in equity, including, without limitation, its right to sell the
Interest hereunder. Fleet may cure any such default by paying only the Installment or
Installments for which the conditions to payment set forth in Section 5.1 hereof have then been
satisfied. Fleet is an intended third party beneficiary of this Section 5.4B

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Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership (with a copy to the Servicing Agent) within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1. Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Agency.

B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or
(vi) to amend any Project Document, or to permit any party thereunder to amend any Project Document, or to permit any party thereunder to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(viii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant which consent will not unreasonably withheld provided there are no adverse tax consequences, or

(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) to amend any of the Related Agreements, or

(xii) to permit the merger, termination or dissolution of the Partnership, or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xii) shall not be unreasonably withheld.) or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.
C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2. Tax Matters Partners

A. The Managing General Partner is hereby designated as the Tax Matters Partner for the Partnership. Upon the Retirement of the Person serving as the TMP (the “Retired TMP”), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partners and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.
E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.

Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. LifeNet-Pinnacle Park GP, L.L.C. is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner, the Developer or any Guarantor or, (vi) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10)
business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or MMA, may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner’s receipt thereof (with a copy to the Servicing Agent). Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its future shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners by any Lender or Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the credit period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.
C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a "qualified low income housing project" under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a "qualified low income housing project" under Section 42(g) of the Code or which would cause the recapture of any low income housing tax credit under the Code without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for the low-income housing credit described in Section 42 of the Code for all Low Income Units and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of such credit for failure to comply with the requirements of Section 42 of the Code.

E. Except as provided in or contemplated by the Forward Commitments and the Mortgage Loan Documents, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan (except for nonrecourse provisions and indemnification provisions required under Section 3.8 and Section 12.4 of the Bond Loan Agreement. Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. [Reserved].

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner's receipt of any notice to such effect from any federal, state, or other governmental authority; and (z) upon any General Partner's obtaining knowledge of any
incurrence of any expense or loss by any such governmental authority in connection with the
assessment, containment, or removal of any Hazardous Material for which expense or loss any
General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

I. The General Partner shall establish a reserve account for capital replacements (the
"Replacement Reserve"), which account shall be funded by deposits of $200 per unit per year (or
such greater amount as may be required by any Lender or, subject to any Requisite Approvals,
such lesser amount as shall be approved in writing by the Special Limited Partner from time to
time) commencing on the Completion Date. Withdrawals from such reserve shall be utilized
solely to fund capital repairs and improvements deemed necessary by the General Partner and the
Class B Limited Partner.

K. The General Partners, with the advice and Consent of the Investor Limited Partner
shall take such actions as may be necessary (after giving effect to applicable provisions of the
Development Agreement) to assure that 50% or more of the aggregate basis of the Buildings
(including site improvements) and the Land is financed with an obligation the interest on which
is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General
Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions
will no longer be allocated to the Investor Limited Partner as a result of the treatment of the
Development Amount as a Partner Nonrecourse Debt ("Related Party Financing"), then the
General Partner shall take all such action as may be necessary to assure that any outstanding
balance of such Related Party Financing shall constitute a Partnership Nonrecourse liability and
the Investor Limited Partner shall give its Consent to allow the General Partners to take all
necessary action, provided such action does not have any negative tax consequences for the
Partnership or the Investor Limited Partner. One such action shall be the assignment of the
outstanding balance of such Related Party Financing to an entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to
contain a provision obligating tenants to notify the Management Agent immediately of any
suspected water leaks, moisture problems or mold in dwelling units or common areas of the
Project. In addition, the General Partners shall furnish such reports and implement such actions,
if any, required under the provisions of Section 12.1J.

N. The Class B Limited Partner shall deliver to the Investor Limited Partner copies
of all draw requests and reports by the Inspecting Architect submitted to the Servicing Agent and
Bond Lender in connection with construction of the Project.

O. At such time as the final plat is recorded with respect to the Project, which has
been approved by all applicable governmental bodies, which creates the Land as a distinct,
separate legal lot, and establishes and sets forth easements necessary for the construction, use
and operation of the Project, the General Partner shall provide satisfactory evidence to the
Special Limited Partner that the Land is a distinct and separate tax parcel, which tax parcel does
no include any land other than the Land and a copy of the recorded plat. If determined necessary
by the Servicing Agent or the Special Limited Partner, the General Partner will cooperate in the
execution of amendments to the Project Documents to replace the legal description of the Land with the new legal description shown on and created by the plat.

Section 6.5. **Representations, Warranties and Covenants; Certain Indemnities**

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper governmental authority necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of this Agreement.

(vii) [Reserved]

(viii) The Partnership owns the fee simple interest in the Property and has good and indefeasible title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics' or other liens which have been
bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is a corporation or limited liability company have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its incorporation.

(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

(xiii) The Project will qualify on and after the Completion Date as a “qualified low-income housing project” under Section 42(g) of the Code and all Low Income Units in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, or Person for whose conduct any General Partner is or was responsible has ever: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material; (iii) received notification from any federal, state or other governmental
authority of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such governmental authority or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvi) To the best of the General Partner's knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) Fifty percent (50%) or more of the aggregate basis of the Buildings and the Land will be financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xx) The General Partner will elect to be treated as a corporation for tax purposes under the “check-the-box” regulations promulgated under section 7701 of the Code. The General Partner intends to be treated as a “tax-exempt controlled entity” as such term is defined in Section 168(h)(6)(F)(iii) of the Code;

(xxi) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(xxii) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including the General Partners or any Affiliates of the Partnership;
(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other person or entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents, pay its own liabilities out of its own funds;

(f) pay the salaries of its own employees;

(g) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(h) maintain an arm’s length relationship with its Affiliates;

(i) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(j) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(k) use invoices and checks separate from any other Person or Entity, including the General Partners or any Affiliates of the Partnership; and

(l) hold itself out as and operate as an Entity separate and apart from any other Entity, including the General Partners or any Affiliates of the Partnership.

(xxiii) All of the representations and warranties set forth in the Closing Certificate are true and correct.

(xxiv) The Adjusted Aggregate Federal Credit Amount shall be at least $6,152,040

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Guarantor or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which
would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor or the Developer.

C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Admission Date; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partner is entitled to indemnification under Section 6.6.

D. The General Partners agree to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership and the Limited Partners may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such indemnity by the General Partner of the Partnership shall be limited to those claims, losses, damages, costs, expenses or liabilities which were caused by the negligent acts or omissions of the General Partner. Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners' selection, but at the expense of the General Partners. Notwithstanding anything else set forth in this Agreement, this indemnification shall survive the withdrawal of any General Partner and/or the termination of this Agreement.
Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its "Designated Affiliates" (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof; provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

Section 6.7. Liability of General Partners to Limited Partners

A. No General Partner or Designated Affiliate (as defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of such General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in good faith, determined that such course of conduct was in the best interests of the Partnership and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate or breach of this Agreement.

B. As used in Sections 6.6 and 6.7, a "Designated Affiliate" is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner or trustee, of any company for which such General Partner acts in any such capacity.

C. The General Partners shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners' or any Designated Affiliate's negligence,
misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.
Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions; amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.9 to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $800,000 which includes the funding of the Replacement Reserve. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $100,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

C. The General Partners shall cause the Partnership to establish a Lease-Up Reserve in the initial amount of $313,061, as required under the terms of the Indenture.

Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

   (i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

   (ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and
(iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Agency out of the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction Contract.

Section 6.11. Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

ARTICLE VII
Withdrawal of a General Partner; New General Partners

Section 7.1. Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals.

Section 7.2. Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner (with a copy to the Servicing Agent) thereof.

Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner.
B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.4D or 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner who withdraws voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all his other obligations and liabilities hereunder incurred or accrued prior to the date of his withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in his place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retires voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners, shall be approved by Consent of the Investor Limited Partner and shall have received any Requisite Approvals. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.

Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.
Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

(ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(iii) an Event of Bankruptcy as to any General Partner, more than one Guarantor or the Partnership;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or

(v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing (with a copy to the Servicing Agent), of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of such Removal Notice being referred to herein as the “Removal
Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7 above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the Removal Notice Date; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.

E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the amounts payable to the General Partner pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to
the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in
connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the provisions of Section 5.1B as a result of any adjustments described in Section 5.1B, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, legal fees and expenses, shall be paid by
the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, its interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.

ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its assignee in its place as a Substitute Limited Partner without the written consent of the General Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA, the consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, an Assignment of Investor Limited Partner Interest and Omnibus Amendment, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of membership interest in the Investor Limited Partner to an Affiliate of MMA, the General Partner agrees to make such changes to the Agreement and Related Agreements as such transferee may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.
D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) the Investor Limited Partner may pledge, without the consent of the General Partners or any other Person, its Interest to Fleet National Bank as Agent (together with its successors and/or assignees in such capacity, "Fleet") to secure a loan to an affiliate of the Investor Limited Partner, the proceeds of which have been used by the Investor Limited Partner to make its Capital Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, "investment property" or held in a "securities account" (within the meaning of the Uniform Commercial Code of the State (the "UCC") and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a "security" or as "investment property" or to be held in a "securities account" within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect. Fleet, as Agent, is an intended third party beneficiary of this section.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.

Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an
instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner’s Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

Section 8.4. Voluntary Withdrawal of the Class B Limited Partner

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner.

ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date hereof, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans.

B. The General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans pursuant to Section 6.9.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to furnish funds pursuant to Sections 6.8 and 6.9 hereof and pursuant to the Development Agreement, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes a
borrowing permitted by Sections 6.8 or 6.9 or pursuant to the Development Agreement and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member (which may include without limitation the Federal Home Loan Mortgage Corporation) in the Investor Limited Partner (such limited partner or member being referred to herein as a “Mortgagee Limited Partner”) at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property owned by the Partnership (any such loan being referred to as a “Related Mortgage Loan”). Under no circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee Limited Partner’s status as a limited partner or member of the Investor Limited Partner.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Forward Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3. Sales Commissions

Upon the sale of the Property by the Partnership, no Person may pay to any Person real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.
ARTICLE X

Profits, Losses and Distributions

Section 10.1. Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any balance paid to the Developer as payment of the Deferred Development Fee, and (iii) Cash Flow for each fiscal year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each fiscal year, in the following order of priority:

First, to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions constituting Recapture Amounts) equal to the Cumulative Priority Distribution;

Second, to the payment of any Deferred Development Fee, plus accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Third, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fourth, 10% of the balance remaining after Clause Third above shall be distributed to the Investor Limited Partner;

Fifth, to the payment of the Incentive Management Fee;

Sixth, any balance shall be used as follows: 90% shall be paid to the Class B Limited Partner, 10% shall be distributed to the General Partner.

If the Partnership shall have unfunded operating deficits or if any Recapture Amount or Credit Reallocation Amount shall be then due and owing to the Investor Limited Partner, then the General Partners and their Affiliates shall not be entitled to any distributions, fees or loan repayments under this Section 10.1A and any amounts which would otherwise have been paid or distributed to the General Partners pursuant to this Section 10.1A shall be reduced by such Recapture Amount or Credit Reallocation Amount and the amount which would otherwise have been distributed to the Investor Limited Partner pursuant to this Section 10.1A shall be increased by such Recapture Amount or Credit Reallocation Amount.
B. **Distributions of Capital Transaction Proceeds**

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

*First,* to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

*Second,* to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);

*Third,* to the repayment of any outstanding Deferred Development Fee and any interest accrued thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

*Fourth,* to the repayment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

*Fifth,* to the Investor Limited Partner an amount equal to any unpaid amount of the Cumulative Priority Distribution;

*Sixth,* to the Investor Limited Partner an amount equal to (a) the excess of the Recapture Amount determined under Section 10.5 over the sum of all Cash Flow distributions theretofore made to the Investor Limited Partner to effect payment of Recapture Amounts or Credit Reallocation Amount less (b) amounts previously paid to the Investor Limited Partner pursuant to this Clause Sixth;

*Seventh,* $10,000 to the Special Limited Partner; and

*Eighth,* the balance of such proceeds, if any, shall be distributed 20% to the Investor Limited Partner, 10% to the General Partner, and 70% to the Class B Limited Partner.

C. **Sharing of Distributions**

All distributions to the respective classes composed of the Special Limited Partner and the General Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. **Proceeds from Insurance**

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation after payment of debts and obligations of the Partnership, such proceeds shall be
applied and distributed as follows: first, pursuant to Section 10.1B First; second, pursuant to Section 10.1B Second, third, to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution that has been contributed to date, less the value of the Federal Tax Credits and losses taken and less any cash distributions received under Section 10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

Section 10.2. Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital Account following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in his Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of a Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the “Designated Amount”) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.

B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, “unrealized appreciation” or “unrealized depreciation” shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership’s adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.
Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article, for each fiscal year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner and 99.98% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

*As to profits:*

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses *Fifth* through *Eighth* of Section 10.1B.

*As to losses:*

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; *provided, however,* that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause *First* over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause *First* were distributed to the Partners in accordance with the provisions of *Fifth* through *Eighth* of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner, and 99.98% to the Investor Limited Partner.
C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C. shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any fiscal year, then the allocation of profits and losses under Section 10.3A for such fiscal year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Nonrecourse Debt Minimum Gain. Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.6B.
G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4) applied consistently with Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives (1) an allocation of loss or deduction or expenditures described in Section 705(a)(2)(B) of the Code made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as a result of a distribution by the Partnership of unrealized receivables or inventory items or (2) a distribution, and such allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Recapture Amount

A. If at any time during the Compliance Period, the Project ceases to be a "qualified low income housing project" (as defined in Section 42(g)(1) of the Code) or any Low-Income Unit ceases to be a "low income unit" (as defined in Section 42(i)(3) of the Code), and as a result thereof all or any portion of credits allowed to the Partnership and its Partners under Section 42 of the Code are subject to recapture pursuant to Section 42(j) of the Code (such an occurrence
being referred to herein as a Recapture Event), the Investor Limited Partner shall become entitled to additional cash distributions equal to the Recapture Amount.

B. The Recapture Amount is an amount that, after deduction of all federal income taxes payable by the Investor Limited Partner (or its partners) as computed under Section 10.5D below, is equal to the sum of (i) the "credit recapture amount" allocable to the Investor Limited Partner as defined in Section 42(j) of the Code (together with any interest or penalties incurred in connection with such credit recapture amount to the extent not otherwise included in such definition) plus (ii) the amount of credits allocable to the Investor Limited Partner which are disallowed in the year of the Recapture Event and in each subsequent year. Notwithstanding the foregoing, however, the Recapture Amount attributable to an event which also results in a reduction of the Capital Contribution of the Investor Limited Partner pursuant to Section 5.1B shall be zero if such reduction is actually effected by reduction of subsequent Installments or Tax Credit Shortfall Payments by the General Partners.

C. Any Recapture Amount distributable to the Investor Limited Partner pursuant to the foregoing provisions shall be distributed as funds become available for such distributions, but such distributions shall not be made prior to (i) in the case of the "credit recapture amount," the year of the Recapture Event and (ii) in the case of any credits disallowed with respect to any year subsequent to the Recapture Event, in each such subsequent year.

D. Determination of the Recapture Amount shall be made on the assumption that receipt or accrual by each partner of the Investor Limited Partner of any amounts distributable to such partner under Section 10.5C above will currently be subject to United States federal income tax at the highest marginal rate applicable to corporations for the year(s) in question (giving effect to the application of the alternative minimum tax).

E. All computations required under this Section 10.5 shall be made reasonably by the Investor Limited Partner, and the results of such computations, together with a statement describing in reasonable detail the manner in which such computations were made, shall be delivered to the Managing General Partner in writing. Within fifteen (15) days following receipt of such computation, the Managing General Partner may request that the Accountants determine whether such computations are reasonable and are not erroneous. If the Accountants determine that such computations are unreasonable or contain errors, then the Accountants shall determine what they believe to be the appropriate computations. If the Investor Limited Partner does not agree with the determination of the Accountants, then another accounting firm other than the Accountants to be selected jointly by the Investor Limited Partner and the Managing General Partner or, if they cannot agree, by the American Arbitration Association, from among the ten largest national accounting firms, shall make such computations. The computations of the Investor Limited Partner, the Accountants, or the other accounting firm so selected, whichever is applicable, shall be final, binding and conclusive upon the parties. All fees and expenses payable to an accounting firm other than the Accountants under this paragraph shall be borne solely by the Managing General Partner. All fees and expenses payable to the American Arbitration Association shall be borne equally by the General Partners and the Investor Limited Partner.

F. In the event that a claim is made by the Service which, if successful, would result in the determination that a Recapture Event has occurred, the Investor Limited Partner hereby
agrees to take such action in connection with contesting such claim as the Managing General Partner shall reasonably request in writing from time to time; provided that: (i) within thirty (30) days after receiving notice of such claim, the Managing General Partner shall request that such claim be contested; (ii) the Investor Limited Partner shall not enter into a settlement or compromise with the Service with respect to, or shall otherwise concede, any claim which the Managing General Partner has requested be contested without the prior written consent of the Managing General Partner, which shall not be unreasonably withheld or delayed; and (iii) notwithstanding the foregoing, the Investor Limited Partner, in its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Service and pay (or cause its partners to pay) the tax claimed and sue for a refund in the appropriate United States District Court and/or the Court of Federal Claims, considering, however, in good faith such request as the Managing General Partner shall make concerning the most appropriate forum in which to proceed, in which event the Managing General Partner shall, if the Managing General Partner desires, contest such claim in the United States District Court or the Court of Federal Claims. The Investor Limited Partner agrees to notify the Managing General Partner in writing of any such claim and agrees not to make payment of the tax for at least thirty (30) days after giving such notice and agrees to give the Managing General Partner any information that is relevant and material to contest such claim and to cooperate in all reasonable respects with the Managing General Partner in good faith in order to contest any such claim effectively. The Managing General Partner and its counsel shall maintain confidentiality with respect to all such information insofar as is possible, consistent with the conduct of a contest hereunder. All reasonable legal and accounting fees and other third party costs and expenses incurred by the Investor Limited Partner or its partners in contesting a claim or with respect to such litigation shall be borne by the Managing General Partner.

G. If any claim referred to above shall be made by the Service and the Managing General Partner shall have reasonably requested the Investor Limited Partner or its partners to contest such claim as above provided and shall have duly complied with all of the terms of the foregoing provisions, the Recapture Amount as a consequence of such claim shall become fixed upon the Final Determination of the liability of the Investor Limited Partner or its partners for the tax claimed and after giving effect to any refund obtained, together with interest thereon; but in all other cases the Recapture Amount shall become fixed at the time the Investor Limited Partner or its partners agree to the adjustments relating to such claim.

Section 10.6. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax
purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.

F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

1. Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.
2. Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.
3. Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.
4. Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.
5. Capital Accounts shall be increased by any qualified income offset under Section 10.4C.
(6) Capital Accounts shall be increased by allocations of profits under Section 10.3A.

(7) Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

(8) Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

(9) Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.98% interest in profits of the Partnership, the Class B Limited Partner shall be deemed to have a 0.01% interest in profits of the Partnership, and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any fiscal year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4).

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

**ARTICLE XI**

**Management Agent**

**Section 11.1. Management Agent**

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Agency to manage the Project in accordance with the requirements of each Lender and Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement
shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Alpha-Barnes Real Estate Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) not to exceed the lesser of 3.5% of gross rental income or the maximum amount permitted by any relevant Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable governmental agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a “qualified low-income housing project” under Section 42(g) of the Code or any of the Low Income Units in the Project ceases to qualify as a “low income unit” under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the
Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the offices of the Developer until the Completion Date, and thereafter at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each fiscal year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement under which such loan was obtained. Such
schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each fiscal year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partners shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partners shall complete the books of the Partnership in such time as will allow the Accountants to complete such tax returns within forty-five (45) days after the end of such fiscal year. The General Partners shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partners fail to complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner within such time periods, they shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership's fiscal year, the General Partners shall pay as damages the sum of $250 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Investor Limited Partner until such Schedule K-1, and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partners and failure to so pay shall constitute a default of the General Partners under Section 6.3C. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to the Incentive Management Fee and any Cash Flow. Such payments of the Incentive Management Fee and Cash Flow shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Incentive Management Fee and Cash Flow otherwise due to the General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be
charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partners shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each fiscal year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such fiscal year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any governmental entity, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the governmental entity and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Agency or Lender promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership. The
General Partner shall authorize the Developer to execute draw requests on behalf of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current fiscal year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the credit period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.

J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a “Radon Report”) for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association (“NEHA”) National Radon Proficiency Program or (b) The National Radon Safety Board (“NRSB”). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.
Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5. Fiscal Year

The fiscal year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telex or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to a Partner, at its address set forth in the Schedule, with copies to MMA Pinnacle Park, LLC, c/o MMA Financial, LLC, 101 Arch Street, Boston, Massachusetts 02110, Attention: Investor Services Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq., Coats, Rose, Yale, Ryman & Lee, 3 Greenway, Suite
Section 13.2. Word Meanings

The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to "Sections" or "Articles" are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.


The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence and except as otherwise specifically set forth herein with respect to Fleet, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Partner.

Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

2000, Houston, TX 77046; and Michael Eaton, Esq., Eaton, Deaguero & Bishop, PLLC, 1111 West Mockingbird, Suite 1150, Dallas, TX 75247; and if to the Servicing Agent or Bond Lender, Attn: Director, Asset Management, MuniMae Portfolio Services, LLC, 621 East Pratt Street, Third Floor, Baltimore, MD 21202.
B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Dallas, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Dallas County of the State of Texas or the courts of the United States located in Dallas, Texas;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if
regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9. Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the Filing Office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11. Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.

Section 13.13. Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner, the Special Limited Partner, and the Class B Limited Partner (with a copy to the Servicing Agent). All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above. So long as the Fleet Pledge is outstanding, any amendment of those provisions herein of which Fleet, as Agent, is a third party beneficiary, or any other amendment to any other provision herein which would materially affect Fleet's rights and priorities as Agent under the Fleet Pledge, shall require the prior written consent of Fleet. Fleet, as Agent, is an intended third party beneficiary of this section.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: [Signature]
Name: Betty Hoover
Title: 

INVESTOR LIMITED PARTNER: MMA PINNACLE PARK, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: Marie H. Keutmann, Principal

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: Marie H. Keutmann, Principal

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: __________________________
Name: _________________________
Title: __________________________

INVESTOR LIMITED PARTNER: MMA PINNACLE PARK, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: ____________________________
Name: Mari H. Keutmann, Principal

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: ____________________________
Name: Mari H. Keutmann, Principal

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ____________________________
Name: Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: ____________________________
Name: Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7):

CHURCHILL COMMUNITIES L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: ____________________________
Name: Bradley E. Forslund, President
Exhibit A

CHURCHILL AT PINNACLE PARK, L.P.

SCHEDULE OF PARTNERS

As of July 1, 2004

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
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<tr>
<td><strong>GENERAL PARTNER:</strong></td>
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<tr>
<td>Lifenet-Pinnacle Park GP, L.L.C.</td>
<td>$100</td>
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<tr>
<td>10405 Northwest Highway, Suite 100</td>
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<td></td>
</tr>
<tr>
<td>Dallas, TX 75238</td>
<td>(214) 221-5433 (Telephone No.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(214) 932-1978 (Fax No.)</td>
<td></td>
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<tr>
<td><strong>CLASS B LIMITED PARTNER:</strong></td>
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<tr>
<td>Churchill Residential, Inc.</td>
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<td>100%</td>
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<td>2811 McKinney Avenue, Suite 354, LB 101</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas, TX 75204</td>
<td>(214) 720-0430 (Telephone No.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(214) 720-0434 (Fax No.)</td>
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<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
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<td>MMA Special Limited Partner, Inc.</td>
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<tr>
<td>101 Arch Street</td>
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<tr>
<td>Boston, MA 02110</td>
<td>(617) 439-3911 (Telephone No.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(617) 439-9978 (Fax No.)</td>
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<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
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</tr>
<tr>
<td>MMA Pinnacle Park, LLC</td>
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<tr>
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<tr>
<td>Boston, MA 02110</td>
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<tr>
<td></td>
<td>(617) 439-9978 (Fax No.)</td>
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*Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR

CHURCHILL AT PINNACLE PARK, L.P.

List of Related Agreements:

1. Partnership Agreement
2. Development Agreement
3. Incentive Management Agreement
4. Investment Assumptions
5. Guaranty Agreement
6. Closing Certificate
7. Opinion of Local Counsel
8. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of Bond Loan closing, if later) in amount of $15,856,000 with any and all relevant endorsements available in Texas
9. Tax Credit Approval
10. Balance Sheet of Partnership (unaudited, dated as of closing date)
13. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement)
14. Evidence of Lender/Agency required consents satisfactory to the Investor Limited Partner
15. Environmental Site Assessment satisfactory to the Investor Limited Partner
16. Engineering Report satisfactory to the Investor Limited Partner
17. Marketing Study satisfactory to the Investor Limited Partner
Exhibit C

Insurance Requirements

I. General Insurance Requirements

The following are construction period and permanent insurance requirements. This outline describes the minimum types and amounts of insurance that are satisfactory to the Special Limited Partner:

i. Partnership’s Commercial General Liability Insurance (Bodily Injury and Property Damage);

ii. During the construction period, a special form, Builder’s Risk policy (written on a completed value form with an agreed value endorsement) and, thereafter, Partnership’s Property Insurance;

iii. Partnership’s Automobiles/Hired and Non-Owned Liability Insurance;

iv. Insurance for boiler and machinery (if applicable), in the amount of full replacement cost. To be written on a comprehensive form, and to include loss of rents with a maximum of “24 hour” deductible with a mechanical breakdown endorsement;

v. Insurance for flood if project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any sub-designation of Zone “A”). Policies must be obtained through the National Flood Insurance Plan (NFIP) in the amount equal to the lesser of the full insurable value or $250,000 per building with a deductible not to exceed $5,000 per building. An excess Flood or Difference in Conditions (DIC) policy should provide for the difference, if any, between the maximum limit provided by NFIP policies and the full insurable value. Flood policies must be in full effect for both the construction and permanent phases;

vi. If the project is located in Seismic Zones 3 or 4, a Seismic Report must be completed to determine Probable Maximum Loss (PML). If the PML is shown to have an expected seismic damage ratio of less than 20%, then earthquake coverage may be waived. If earthquake coverage is required, it must be in full effect for both construction and permanent phases in the amount not less than full insurable value;

vii. Windstorm is a generally accepted exclusion from “All-Risk” insurance policies, provided that a separate policy is obtained for that exclusion. The wind policy must include business income/rents loss coverage for a minimum of 12 months;

viii. Fidelity Bond in an amount not less than six (6) months of project’s gross rental receipts. Fidelity Bond coverage must be in full effect for both the construction and permanent phases;
ix. Management agent’s Workers’ Compensation and Employer’s Liability Insurance in the statutory amount;

x. During the construction period, General Contractor’s Commercial General Liability and Property Damage Insurance; Automobile/Hired and Non-Owned Liability; and Workers’ Compensation and Employer’s Liability Insurance;

xi. During the construction period, Architect’s Errors and Omissions (Professional Liability) Insurance is required;

xii. Ordinance and Law Coverage must be obtained when the project represents a non-conforming use under current building, zoning or land use laws or ordinances. Amount to cover loss of undamaged portion of the building at replacement cost, demolition cost (10% of replacement cost) and increased cost of construction (10% of the replacement cost); and

xiii. Terrorism coverage is required for all projects equal to or greater than $20 million. For projects under $20 million, terrorism coverage is an acceptable exclusion, but remains strongly encouraged.

Additional Insurance Items

- No commercial general liability insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms, and no property insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms in connection with another covered peril (e.g. mold in connection with water damage caused by storm or fire) unless the Special Limited Partner determines that the potential risk for material loss or damage as a result of such exclusions is minimal or that such insurance without those exclusions is unavailable or available only at a price that is not commercially reasonable, or it is not customary practice in the geographic region in which the Property is located to obtain such coverage for the type of construction involved.

- All carriers must be A- or better rated according to A.M. Best & Company, with a Financial Size Category rating by A.M. Best of VIII or higher.

- All insurance binders, certificates, and policies for the Partnership’s insurance must name the Partnership as the named insured. All Partnership’s insurance must name the Investor Limited Partner and Special Limited Partner as an additional insured or loss payee as expressly indicated, under a customary form of lender’s or mortgagee’s clause, with a minimum of 30 days notice of cancellation. All architect’s and General Contractor’s insurance must name the Partnership as additional insured or loss payee as indicated.

- All policies shall provide for a minimum of 30 days prior written notice to the Special Limited Partner of cancellation, termination, or reduction of coverage except for non-payment of premium where ten (10) days notice shall be given.
• Please reference the name of the Property or the Partnership, including address, in the “description section” of the insurance certificate.

• Each Certificate/Binder must include a broker or agent contact name along with their phone and fax number.

• Special Limited Partner reserves the right to modify the insurance requirements as conditions warrant.

II. DURING THE CONSTRUCTION PERIOD

A. Partnership's Policies

1. All Risk Builder’s Risk
   
   Form: Completed Value (Non-Reporting Form)
   
   Perils: Special form “All-Risk” policy, subject to the policy terms, conditions and exclusions, but excluding Flood and Earthquake (unless in a flood plain or quake zone)
   
   Valuation: Replacement Cost including the existing structure, if applicable.
   
   Deductible: Not to exceed $10,000 per occurrence
   
   Endorsements / Extensions: Permission to Occupy Endorsement
   Renovations Coverage Endorsement
   Loss of Rents (12 months)
   Soft Costs
   Ordinance and Law Coverage
   Waiver of Coinsurance
   
   Loss Payee: Investor Limited Partner
   
   2. Commercial General Liability
   
   Form: ISO, Occurrence Form
   
   Minimum Limits: $2,000,000 Aggregate Limit
   $1,000,000 Products/completed Operations aggregate
   $1,000,000 Personal & Advertising Injury
   $1,000,000 Each Occurrence
3. **Umbrella Liability**

Minimum Limit: \[ \$3,000,000 \]

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

4. **Automobile/Hired & Non-Owned Liability (If Rehab)**

Limit: \[ \$1,000,000 \text{ per accident Combined Single Limit ("CSL")} \]

5. **Boiler and Machinery**

(If Rehab)

Form: Comprehensive Form

Limit: Total Building Value Limit

Valuation: Repair and/or Replacement

Extensions: Loss of Rents with Mechanical Breakdown Endorsement

6. **Workers' Compensation and Employer's Liability**

(If Rehab)

Limits:

- Workers Compensations: Statutory
- Employer's Liability:
  - $1,000,000 Each Accident
  - $1,000,000 Disease - Policy Limit
  - $1,000,000 Disease - Each Employee

*If the Partnership has no employee(s), please provide evidence of item 5 for the General Partner or, if applicable, parent of the General Partner.

**B. General Contractor's Policies**

1. **Commercial General Liability**
Form: ISO Occurrence Form

Minimum Limit: $2,000,000 Aggregate Limit
$1,000,000 Products/completed operations Aggregate
$1,000,000 Personal & Advertising Injury
$1,000,000 Each Occurrence
$50,000 Fire Damage
$5,000 Medical Expense

Aggregate Limits must be written on a per property basis

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

2. Umbrella Liability

Minimum Limit: $3,000,000

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

3. Workers’ Compensation and Employer’s Liability

Certificate Holder: Investor Limited Partner

Limits:

Workers’ Compensation Statutory

Employer’s Liability $1,000,000 Each Accident
$1,000,000 Disease – Policy Limit
$1,000,000 Disease – Each Employee

4. Automobile/Hired & Non-Owned Liability

Limit: $1,000,000 per accident Combined Single Limit (“CSL”)

C. Architect’s Policies

1. E&O Professional Liability Insurance

Minimum Limit: $250,000 or 10% of Construction Contract (whichever is greater)
Certificate Holder: Investor Limited Partner

Additional Insured: Partnership

### III. PERMANENT INSURANCE

#### A. Property Insurance

**Form:**

ISO Special Form (please supply Evidence of Property Insurance, ACORD form 27, 28 or other “Special” or “All Risk” form)

**Limits:**

- Building (Real Property): 100% of insurable Value (Replacement Cost)
- Contents (Personal Property): Replacement Cost Coverage
- Business Interruption (Rents): 12 months’ gross rental income

**Valuation:**

Full Replacement Cost/Agreed Amount Endorsement

**Maximum Deductible:**

$25,000 per occurrence

**Extensions:**

- Vacancy/Unoccupancy up to 60 days
- Ordinance and Law
- Waiver of Coinsurance

**Loss Payee:**

Investor Limited Partner

#### B. Commercial General Liability

**Form:**

ISO Occurrence Form

**Limit:**

- $2,000,000 Aggregate Limit
- $1,000,000 Products/Completed Operations Aggregate
- $1,000,000 Personal & Advert. Injury
- $1,000,000 Each Occurrence
- $50,000 Fire Damage
- $5,000 Medical Expenses

Aggregate Limits must be written on a “per property basis”

**Deductible or Retention:**

None
C. **Umbrella Liability**

Minimum Limit: $3,000,000

Additional Insured: Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

D. **Worker’s Compensation**

Certificate Holder: Investor Limited Partner

Limits:
- $1,000,000 Each Accident
- $1,000,000 Disease – Policy Limit
- $1,000,000 – Each Employee

E. **Auto Liability**

Limit: $1,000,000 per accident combined single limit

F. **Boiler and Machinery**

Form: Comprehensive Form

Limit: Total Building Value Limit

Valuation: Repair and/or Replacement

Extensions: Loss of Rents with Mechanical Breakdown Endorsement
Exhibit D

CHURCHILL AT PINNACLE PARK, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the “General Partners”) of CHURCHILL AT PINNACLE PARK, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Pinnacle Park, LLC, a Delaware limited liability company and its successors and assigns (the “Investor Limited Partner”), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the “Partnership Agreement”), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: ____________________________
Title: ____________________________
DETENTION OF BREAK-EVEN REQUIREMENT FOR DEVELOPMENT
OBLIGATION DATE

_______, 20__

MMA Pinnacle Park, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of July 1, 2004 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Churchill at Pinnacle Park Apartments, an apartment complex located in Dallas, Texas (referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended _________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit E

CHURCHILL AT PINNACLE PARK, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Pinnacle Park, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $_______, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Receipt by the Investor Limited Partner of Building Permits.

6. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

7. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

8. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

9. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

10. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
____________, 20_.

LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet
Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit F

CHURCHILL AT PINNACLE PARK, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Pinnacle Park, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $_______, there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Two Hundred Seventy (270) Days have passed after the Admission Date.

4. The 75% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: ____________________________
Title: ____________________________
Exhibit G

CHURCHILL AT PINNACLE PARK, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Pinnacle Park, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $_________ there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
____________, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a
Texas limited liability company, by LifeNet
Community Behavioral Healthcare, a Texas non-
profit corporation, its sole member

By: ________________________________
Name: ________________________________
Title: ________________________________
Exhibit H

CHURCHILL AT PINNACLE PARK, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Pinnacle Park, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Federal Tax Credits and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. The Partnership has achieved a Debt Service Coverage Ratio of 110% for each of three (3) consecutive months, as evidenced by the attached determination letter.

6. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

7. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

8. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

9. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

10. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.
Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
DETERMINATION OF TAX CREDIT

MMA Pinnacle Park, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: MMAF Asset Management

Re: Churchill at Pinnacle Park, L.P., a Texas limited partnership
(the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership among MMA Pinnacle Park, LLC, a Delaware limited liability company ("MMAF") and other parties dated as of July 1, 2004 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Churchill at Pinnacle Park Apartments (an apartment complex located in Dallas, Texas, referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through ________, 20__ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Adjusted Aggregate Federal Credit Amount properly allocable to MMAF as the Investor Limited Partner will be approximately $_________.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.
In making these determinations, we have assumed that 100% of the apartment units in the Project will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
DETERMINATION OF DEBT
SERVICE COVERAGE RATIO

MMA Pinnacle Park, LLC
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of
Limited Partnership of the Partnership dated as of July 1, 2004 (the “Partnership Agreement”).
Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the
Partnership Agreement.

Using information provided to us by the Partnership concerning Churchill at Pinnacle Park
Apartments (an apartment complex located in Dallas, Texas referred to herein as the “Project”), we
have performed the following procedures:

We have compiled a statement of income and expenses for the _____ months ended
__________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the
year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal
or irregular nature which might reasonably be expected to be incurred on an unequal basis during a
full annual period of operations. (Examples of such expenditures include debt service, reserve
funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have
made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the
assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of ______ calendar months (and during each individual month) beginning on __________ 20__ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of _____%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ______________________________
Exhibit I

CHURCHILL AT PINNACLE PARK, L.P.

SIXTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Pinnacle Park, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.1B of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 115% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Permanent Mortgage Commencement has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
__________, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a
Texas limited liability company, by LifeNet
Community Behavioral Healthcare, a Texas non-
profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
MMA Pinnacle Park, LLC  
101 Arch Street, 13th Floor  
Boston, MA 02110  

Attention: Asset Management  

Re: Churchill at Pinnacle Park, L.P., a Texas limited partnership (the “Partnership”)  

Gentlemen:  

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of July 1, 2004 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.  

Using information provided to us by the Partnership concerning Churchill at Pinnacle Park Apartments (an apartment complex located in Dallas, Texas referred to herein as the “Project”), we have performed the following procedures:  

We have compiled a statement of income and expenses for the _____ months ended ________, 20__.  

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.  

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)  

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.  

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on _________ 20_ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ___%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ______________________________
The undersigned, constituting the general partner (the "General Partner") of Churchill at Pinnacle Park, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Pinnacle Park, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of July 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $\_

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto (the most recent of which is dated within ten (10) days of the date hereof), evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
_______, 20__.

LIFENET-PINNACLE PARK GP, L.L.C., a
Texas limited liability company, by LifeNet
Community Behavioral Healthcare, a Texas non-
profit corporation, its sole member

By: ______________________________
Name: ______________________________
Title: ______________________________
ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Kate,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Hunt/Morrison Grove Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Plano, Plano Texas
Churchill at Pinnacle Park, Dallas Texas
Evergreen at Keller, Keller Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
2019 Uniform Multifamily Application #19009

Existing Development Name: Churchill at Pinnacle Park

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 6, 2019

Texas Department of Housing and Community Affairs
Attn: Spencer Duran, Section 811 PRAC Program Manager
221 E. 11th Street
Austin, TX 78701

Re: Existing TDHCA Properties for 811 Consideration

Dear Mr. Duran:

As the syndicator for the following developments that have been financed with Low Income Housing Tax Credits, we have reviewed your request to enter into a Section 811 contract to provide additional Section 811 units at the following properties.

Churchill at Pinnacle Park – Section 811 Project ID#4058
Evergreen at Keller Senior Community – Section 811 Project ID#4185
Evergreen at Plano Senior Community – Section 811 Project ID#4050

These properties have been placed in service and were underwritten and closed without contemplation of additional Section 811 units. Because the potential impact to these transactions was not evaluated prior to closing, we do not approve the addition of Section 811 units for these properties at this time.

Please contact me with any questions.

Sincerely,

Tim Tarrant
Authorized Representative
Hunt LIHTC Holdings, LLC
TDHCA #04457 Evergreen at Lewisville

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO COVER PAGES
   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Lewisville

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Boston Financial Investment Management, LP

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 31 & 32 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
LEWISVILLE SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of December 1, 2004
# TABLE OF CONTENTS

ARTICLE I DEFINED TERMS

ARTICLE II CONTINUATION; NAME; AND PURPOSE

Section 2.1. Continuation

Section 2.2. Name and Office; Agent for Service

Section 2.3. Purpose

Section 2.4. Authorized Acts

ARTICLE III TERM AND DISSOLUTION

ARTICLE IV PARTNERS; CAPITAL

Section 4.1. General Partners

Section 4.2. Limited Partners

Section 4.3. Partnership Capital and Capital Accounts

Section 4.4. Withdrawal of Capital

Section 4.5. Liability of Limited Partners

Section 4.6. Additional Limited Partners

Section 4.7. Agreement to be Bound by Documents

ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER

Section 5.1. Installments of Capital Contributions

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

Section 5.3. Repurchase of Investor Limited Partner's Interest

Section 5.4. Default of Investor Limited Partner

Section 5.5. Redemption of Partnership Interest

ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS

Section 6.1. Restrictions on Authority

Section 6.2. Tax Matters Partners

Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

Section 6.4. Duties and Obligations of the General Partners and Class B Limited Partner

Section 6.5. Representations, Warranties and Covenants; Certain Indemnities

Section 6.6. Indemnification

Section 6.7. Liability of General Partners to Limited Partners

Section 6.8. Certain Obligations of the Developer

Section 6.9. Obligation to Provide for Operating Expenses

Section 6.10. Certain Payments to the General Partners and Affiliates

Section 6.11. Joint and Several Obligations

Section 6.12. Reserve Accounts

ARTICLE VII WITHDRAWAL OF A GENERAL PARTNER; NEW GENERAL PARTNERS

Section 7.1. Voluntary Withdrawal
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2</td>
<td>Obligation to Continue</td>
<td>47</td>
</tr>
<tr>
<td>7.3</td>
<td>Successor General Partner</td>
<td>48</td>
</tr>
<tr>
<td>7.4</td>
<td>Interest of Predecessor General Partner</td>
<td>48</td>
</tr>
<tr>
<td>7.5</td>
<td>Designation of New General Partners</td>
<td>48</td>
</tr>
<tr>
<td>7.6</td>
<td>Amendment of Certificate; Approval of Certain Events</td>
<td>49</td>
</tr>
<tr>
<td>7.7</td>
<td>Removal of the General Partner</td>
<td>49</td>
</tr>
<tr>
<td>8.1</td>
<td>Right to Assign</td>
<td>53</td>
</tr>
<tr>
<td>8.2</td>
<td>Substitute Limited Partners</td>
<td>54</td>
</tr>
<tr>
<td>8.3</td>
<td>Assignees</td>
<td>55</td>
</tr>
<tr>
<td>8.4</td>
<td>Voluntary Withdrawal of the Class B Limited Partner</td>
<td>55</td>
</tr>
<tr>
<td>8.5</td>
<td>Removal of the Class B Limited Partner</td>
<td>55</td>
</tr>
<tr>
<td>8.1</td>
<td>Right to Assign</td>
<td>53</td>
</tr>
<tr>
<td>8.2</td>
<td>Substitute Limited Partners</td>
<td>54</td>
</tr>
<tr>
<td>8.3</td>
<td>Assignees</td>
<td>55</td>
</tr>
<tr>
<td>8.4</td>
<td>Voluntary Withdrawal of the Class B Limited Partner</td>
<td>55</td>
</tr>
<tr>
<td>8.5</td>
<td>Removal of the Class B Limited Partner</td>
<td>55</td>
</tr>
<tr>
<td>9.1</td>
<td>General</td>
<td>59</td>
</tr>
<tr>
<td>9.2</td>
<td>Refinancing and Sale</td>
<td>61</td>
</tr>
<tr>
<td>9.3</td>
<td>Sales Commissions</td>
<td>61</td>
</tr>
<tr>
<td>10.1</td>
<td>Distributions Prior to Dissolution</td>
<td>61</td>
</tr>
<tr>
<td>10.2</td>
<td>Distributions Upon Dissolution</td>
<td>63</td>
</tr>
<tr>
<td>10.3</td>
<td>Profits, Losses and Tax Credits</td>
<td>64</td>
</tr>
<tr>
<td>10.4</td>
<td>Minimum Gain Chargebacks and Qualified Income Offset</td>
<td>66</td>
</tr>
<tr>
<td>10.5</td>
<td>Special Provisions</td>
<td>67</td>
</tr>
<tr>
<td>11.1</td>
<td>Management Agent</td>
<td>69</td>
</tr>
<tr>
<td>11.2</td>
<td>Special Power of Attorney</td>
<td>70</td>
</tr>
<tr>
<td>12.1</td>
<td>Books, Records and Reporting</td>
<td>71</td>
</tr>
<tr>
<td>12.2</td>
<td>Bank Accounts</td>
<td>74</td>
</tr>
<tr>
<td>12.3</td>
<td>Elections</td>
<td>74</td>
</tr>
<tr>
<td>12.4</td>
<td>Special Adjustments</td>
<td>75</td>
</tr>
<tr>
<td>12.5</td>
<td>Fiscal Year</td>
<td>75</td>
</tr>
<tr>
<td>13.1</td>
<td>Notices</td>
<td>75</td>
</tr>
<tr>
<td>13.2</td>
<td>Word Meanings</td>
<td>76</td>
</tr>
<tr>
<td>13.3</td>
<td>Binding Provisions</td>
<td>76</td>
</tr>
<tr>
<td>13.4</td>
<td>Applicable Law</td>
<td>76</td>
</tr>
<tr>
<td>13.5</td>
<td>Counterparts</td>
<td>76</td>
</tr>
<tr>
<td>13.6</td>
<td>Paragraph Titles</td>
<td>76</td>
</tr>
<tr>
<td>13.7</td>
<td>Separability of Provisions; Rights and Remedies; Arbitration</td>
<td>76</td>
</tr>
<tr>
<td>13.8</td>
<td>Effective Date of Admission</td>
<td>77</td>
</tr>
<tr>
<td>13.9</td>
<td>Delivery of Certificate</td>
<td>78</td>
</tr>
</tbody>
</table>
LEWISVILLE SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of December 1, 2004 among LIFENET-LEWISVILLE GP, LLC, a Texas limited
liability company, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida
corporation, as Special Limited Partner; MMA EVERGREEN AT LEWISVILLE, LLC, a
Delaware limited liability company, as Investor Limited Partner; CHURCHILL RESIDENTIAL,
INC., a Texas corporation as Class B Limited Partner, and BRADLEY E. FORSLUND as
Original (and Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to
an Agreement of Limited Partnership dated as of September 22, 2004 (the “Original Partnership
Agreement”) and a Certificate of Limited Partnership dated as of September 22, 2004 (the
“Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing
Office”) on September 22, 2004.

The purposes of this amendment to, and restatement of, the Original Partnership
Agreement are to (i) admit the Investor Limited Partner and the Special Limited Partner as
Partners; (ii) to provide for the reclassification of Churchill Residential, Inc. from the "Special
Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited
Partner; (iii) to provide for the withdrawal of the Original Limited Partner as Limited Partner;
and (iv) to set out more fully the rights, obligations and duties of the Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is
hereby amended and restated in its entirety, as follows:

ARTICLE I
 Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public
accountants as may be engaged by the General Partners with the Consent of the Investor Limited
Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Tax Credit Amount” means the product of (i) 99.98% and
(ii) the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost
Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for
the Property) for the entire Credit Period, as such amount may be increased or decreased as a
result of a subsequent determination by the Accountants, a Final Determination or a Recapture
Event.
"Adjustment Fraction" means a fraction separately determined as to each Fiscal Year, the numerator of which shall be the Consumer Price Index most recently published before the end of such Fiscal Year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys’ fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person. Affiliate or Affiliated Person of the Partnership or a General Partner does not include a Person who is a partner in a partnership or joint venture with the Partnership (or any other Affiliated Person) if that Person is not otherwise an Affiliate or Affiliated Person of the Partnership or General Partner.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.

"Assignment" shall mean any assignment, transfer or sale, and the words "assign," "assignee" and "assignor" shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.
"Bond Documents" means the Indenture, the Bonds, the Bond Loan Agreement, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.

"Bond Lender" means Denton County Housing Finance Corporation, as maker of the Bond Loan, together with its successors and assigns in such capacities.

"Bond Loan" means the loan in the amount of up to $12,200,000, to be made by the Bond Lender pursuant to the terms of the Bond Documents which will bear interest at a rate set forth in the Bond Documents and which will mature on September 1, 2047.

"Bond Loan Agreement" means the Loan and Financing Agreement dated as of December 1, 2004 to be entered into by and between the Partnership and the Bond Lender relating to the disbursement of the Bond Loan.

"Bond Documents" means the Bond Loan Agreement, the Bond Loan Note, the Bond Mortgage, the Regulatory Agreement, and any other documents delivered by the Partnership in connection with the Bond Loan, as the same may be amended from time to time.

"Bond Loan Note" means the promissory note in the amount of $12,200,000 entered into by the Partnership evidencing the Bond Loan.

"Bond Mortgage" means collectively, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement entered into by the Partnership in favor of the Bond Lender to secure the Bond Loan.

"Bonds" means the $12,200,000 Denton County Housing Finance Corporation Multifamily Housing Revenue Bonds (Evergreen at Lewisville Senior Apartments Project) Series 2004.

"Breakeven" means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants, the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies.

"Builder" means collectively, ICI Construction, Inc. as the subcontractor and LifeNet Community Behavioral Healthcare, as the contractor, and their successors.
"Building Permits" means any and all building permits needed to construct all of the Buildings constituting the Project in the manner set forth in the approved plans and specifications.

"Buildings" means the buildings to be located on the Land which, in the aggregate, will contain 218 dwelling units for the elderly upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner's share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term "Capital Contribution" shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

"Cash Available for Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, the excess of (i) all Cash Receipts over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.
“Cash Receipts” means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry income, parking revenue, and other incidental revenues which are received by the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business or rental interruption insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Partnership for such Fiscal Year.

“Certificate” means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

“Class B Limited Partner” means Churchill Residential, Inc., a Texas corporation.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

“Completion Date” means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Governmental Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the “Completion Date” shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an “as-built” survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner’s representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

“Compliance Period” means the period described in Section 42(i) of the Code.

“Consent of the Investor Limited Partner” means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

“Construction Contract” means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

“Consumer Price Index” means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such
index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.

"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership’s development and related costs for purposes of establishing the amount of Federal Tax Credits available to the Project.

"Credit Agency" means the Texas Department of Housing and Community Affairs.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $506,556.

"Credit Period" means the entire period during which the “credit period” described in Section 42(f)(1) shall be applicable to any Building.

"Cumulative Priority Distribution" means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

"Debt Service Coverage Ratio" means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.
“Deferred Development Fee” has the meaning attributed thereto in the Development Agreement.

“Designated Prime Rate” means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.

“Designated Proceeds” means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

“Determination Date” means the last day of the month preceding the month in which the Removal Notice Date occurs.

“Developer” means Churchill Communities, L.P., a Texas limited partnership.

“Development Advances” has the meaning set forth in the Development Agreement.

“Development Agreement” means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

“Development Amount” has the meaning attributed thereto in the Development Agreement.

“Development Costs” means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Governmental Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

“Development Obligation Date” means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3)
consecutive calendar months, or (iv) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.

"Document Schedule" means the Schedule of Documents attached hereto as Exhibit B.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.3B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.

"Eligible Development Costs" means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Environmental Reports" means that certain Environmental Site Assessment dated August 27, 2004 by Rone Engineers, Ltd. and that certain Geotechnical/Exploration Report dated September 10, 2004 by Alpha Testing, Inc.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing; or
(iii) in the case of a Person who is a General Partner, the voluntary withdrawal of such Person as a General Partner in violation of the terms of this Agreement.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.

"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Federal Tax Credit Shortfall Payment" has the meaning provided in Section 5.2C.

"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Internal Revenue Code.

"50% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 50% complete. Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"Final Closing" means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) Permanent Mortgage Commencement, (iii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel (or by an endorsement of either such title policy)), (iv) the completion by the Accountants of a certified audit of the Partnership's and the Builder's construction costs as a part of cost certification to the extent required by the Lenders and the Governmental Agency, (v) the agreement and acceptance of such cost certification by the Lenders and the Governmental Agency to the extent required by the Lenders and the Governmental Agency, (vi) all amounts due in connection with the construction
of the Project have been paid or provided for, and (vii) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

"Final Determination" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

"Fiscal Year" means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

"Fleet Pledge" has the meaning attributed thereto in Section 8.1D.

"General Partners" means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Governmental Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Guarantor" means LHTE Equipment, LLC, a Texas limited liability company.

"Guaranty Agreement" means the guaranty as of December 1, 2004, made by the Guarantor in favor of the Investor Limited Partner.

"Hazardous Material" shall have the collective meanings given to the terms "hazardous material," "hazardous substances," "hazardous wastes," "toxic substances" and analogous terms in the Hazardous Waste Laws.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"Improvements" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.
"Incentive Management Agreement" means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

"Incentive Management Fee" means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.

"Indenture" means the Trust Indenture dated as of December 1, 2004 by and between the Bond Lender and the Trustee.

"Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner and the Special Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.

"Inspecting Architect" means GTF Design Associates, Inc., or any successor to such firm.

"Installment" means any Installment of the Capital Contributions of the Investor Limited Partner referred to in Section 5.1.

"Interest," or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

"Investment Assumptions" means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.
“Investment Closing” means the date of delivery of this Agreement.

“Investor Limited Partner” means MMA Evergreen at Lewisville, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1D, and their respective successors in such capacity.

“Investor Tax Counsel” means Holland & Knight LLP, of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“Land” means the parcels of land on which the Improvements are located in Lewisville, Texas, as described in the Mortgage.

“Lease-Up Reserve” means the lease-up fund, as required under the terms of the Indenture.

“Lender” means collectively, the Bond Lender and the Servicing Agent, as the context may require.

“Limited Partner” or “Limited Partners” mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person’s capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

“Low Income Unit” means any of the 218 dwelling units for the elderly in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

“Management Agent” means Alpha-Barnes Real Estate Services, in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

“Management Agreement” means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

“Management Fee” means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

“Managing General Partner” means any Managing General Partner designated as provided in Section 6.3B.

“Material Default” has the meaning set forth in Section 7.7B.

“MMA” means MMA Financial TC Corp., a Delaware corporation, and its successors.
“Mortgage” means any mortgage indebtedness of the Partnership evidenced by any Note and secured by any mortgage on the Property from the Partnership to any Lender; and, where the context admits, “Mortgage” shall mean and include any of the mortgages securing said indebtedness and any other documents pertaining to said indebtedness which were required by the Lender as a condition to making such Mortgage Loan. In case any Mortgage is replaced by any subsequent mortgage or mortgages, such term shall refer to any such subsequent mortgage or mortgages. The term “mortgage” means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and “foreclose” and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

“Mortgage Loan” means the Bond Loan.

“Mortgage Loan Commitment” means the commitment of the Bond Lender to make the Bond Loan of up to $12,200,000.

“Mortgage Loan Documents” means the Bond Documents.

“Net Capital Contribution” means $4,356,000.

“Note” means and includes any promissory note from the Partnership to a Lender evidencing a Mortgage Loan, and shall also mean and include any note supplemental to said original note issued to a Lender or any note issued to a Lender in substitution for any such original note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly accruable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loan (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.

“Other Development Costs” means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

- 13 -
"Partner" means any General Partner or Limited Partner.

"Partner Nonrecourse Debt" means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor's right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

"Partner Nonrecourse Debt Minimum Gain" means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).

"Partnership" means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

"Partnership Counsel" means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

"Partnership Minimum Gain" means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

"Partnership Nonrecourse Liability" means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

"Payment Certificate" has the meaning given it in Section 5.1B(i).

"Permanent Loan" means the Bond Loan.

"Permanent Mortgage Commencement" means the date on which the full amount of the Bond Loan has been advanced to the Partnership, and principal payments to Trustee on the Bond Loan have commenced as required under the Indenture.

"Person" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Priority Distribution" means, as to any Fiscal Year of the Partnership, the product of the "Applicable Amount" times the Adjustment Fraction determined in accordance with the following sentence. The "Applicable Amount" shall be zero until the Completion Date and $7,500 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

"Project" or "Property" means the Land and the Improvements.

- 14 -
"Project Documents" means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Tax Credit Application, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

"Projected Aggregate Federal Tax Credit Amount" means $5,064,550 which is the product of (i) 99.98% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Tax Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term "Projected Aggregate Federal Tax Credit Amount" shall mean the Adjusted Aggregate Federal Tax Credit Amount, provided that any required adjustment(s), payment(s) or Federal Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(1)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"Recapture Event" means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership's Federal Tax Credits under Section 42(j) of the Code or other applicable provisions of law and/or which results in a disallowance of any Federal Tax Credits previously claimed by the Partnership.

"Regulations" means the rules and regulations of any Governmental Agency which are applicable to the Project or the Partnership.

"Regulatory Agreement" means the Regulatory and Land Use Restriction Agreement, any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered into or to be entered into between or by the Partnership and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.
“Related Agreements” means each agreement, promissory note and certificate referred to in the Document Schedule.

“Related Person” has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

“Removal Notice” shall have the meaning set forth in Section 7.7.

“Removal Notice Date” shall have the meaning set forth in Section 7.7.

“Replacement Reserve” means the replacement reserve in the amount of $200 per unit per year to be established pursuant to Section 6.12A.

“Requisite Approvals” means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Partnership.

“Retirement” (including the forms “Retire” and “Retired”) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, “controlling interest” shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Schedule” means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

“Service” means the Internal Revenue Service.

“Servicing Agent” means the entity acting from time to time in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“75% Completion Date” means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 75% complete. Any representation by any General Partner under this Agreement that the 75% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner...
Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"SLP" means MMA Special Limited Partner, Inc., a Florida corporation.

"Special Capital Contribution" means a capital contribution described in and made pursuant to Section 4.1B and 6.9A.

"Special Endorsements" means non-imputation, comprehensive, contiguity (if the Land consists of more than one parcel), access, zoning (including any applicable parking provisions), Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

"Special Limited Partner" means SLP as Special Limited Partner and its successors in such capacity.

"State" means the State of Texas.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.1D or 8.2.

"Supervisory Management Agent" means LifeNet-Lewisville GP, LLC, a Texas limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their capacity as such.

"Tax Credit Application" means the application submitted to the Credit Agency to obtain the Credit Approval, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

"Tax Credit Shortfall Payments" means Federal Tax Credit Shortfall Payments.

"Tax Credits" means the Federal Tax Credits.

"Tenant Income Certification" means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.
"Title Policy" means the Texas owner's policy of title insurance issued to the Partnership by Chicago Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $16,556,000.

"TMP" means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.


"Uniform Act" means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

"Working Capital Loan" means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

Continuation; Name; and Purpose

Section 2.1. Continuation

The parties hereto hereby agree to continue the limited partnership known as Lewisville Senior Community, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Bradley E. Forslund, 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038.

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:
(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute any and all notes, mortgages and security agreements in order to secure loans from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(x) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.
To execute the Related Agreements and any notices, documents or instruments permitted or required to be executed or delivered in connection therewith or pursuant thereto.

ARTICLE III

Term and Dissolution

A. The Partnership shall continue in full force and effect until December 31, 2054, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

   (i) the sale or other disposition of all or substantially all the assets of the Partnership;
   (ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;
   (iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or
   (iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

Partners; Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is LifeNet-Lewisville GP, LLC, and its addresses and Capital Contribution are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $100 without the Consent of the Investor Limited Partner.
B. In the event the entire Development Amount and accrued by unpaid interest thereon has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Special Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partners shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2. Limited Partners

A. MMA Special limited Partner, Inc. is hereby admitted to the Partnership as the Special Limited Partner. Its address and Capital Contributions are set forth in the Schedule.

B. Churchill Residential, Inc. is hereby reclassified from the "Special Limited Partner" under the terms of the Original Partnership Agreement to the Class B Limited Partner of the Partnership. Its address and Capital Contributions are set forth in the Schedule.

C. MMA Evergreen at Lewisville, LLC is hereby admitted to the Partnership as the Investor Limited Partner. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Bradley E. Forslund. By his execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3. Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term "substituted Partner," as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner's Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the
Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII and Article VIII.

Section 4.4. Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5. Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.

Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors,
administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $4,356,000 payable in seven (7) installments (the “Installments”) as follows:

(i) the first Installment (the “First Installment”) in the amount of $1,307,000 shall be paid on the latest of (a) the Admission Date and (b) closing of the Bond Loan;

(ii) the second Installment (the “Second Installment”) in the amount of $871,000 shall be paid on the latest of (a) one-hundred eighty (180) days after the Admission Date, and (b) the 50% Completion Date;

(iii) the third Installment (the “Third Installment”) in the amount of $1,307,000, shall be paid on the latest of (a) two hundred seventy (270) days after the Admission Date and (b) the 75% Completion Date;

(iv) the fourth Installment (the “Fourth Installment”) in the amount of $218,000 shall be paid on the Completion Date;

(v) the fifth Installment (the “Fifth Installment”) in the amount of $218,000, shall be paid upon the latest of (a) Final Closing and (b) the date the Accountants determine the amount of the Federal Tax Credits and determine that the Project satisfies the requirements of Section 42(h) of the Code;

(vi) the sixth Installment (the “Sixth Installment”) in the amount of $218,000, shall be paid upon the date the Partnership achieves a 112% Debt Service Coverage Ratio for each of three (3) consecutive months;

(vii) the seventh Installment (the “Seventh Installment”) in the amount of $217,000, shall be paid upon the receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the “Payment Certificate”), in the forms attached hereto as exhibits, relating to the appropriate remaining Installments, dated the date such
Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) business days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) business days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $506,556 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the “Federal Adjustment Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount is less than the Projected Aggregate Federal Tax Credit Amount (except to the extent
such shortfall is attributable to the recapture of Federal Tax Credits previously reported on a Partnership tax return, in which event the Federal Adjustment Factor shall be $1.00 with respect to the portion of such shortfall attributable to such recapture, (ii) the amount of any interest and/or penalties paid or payable by the Investor Limited Partner (or its participants) as a result of any Recapture Event affecting the foregoing calculation, and (iii) 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this sentence, any reduction effected by reduction in the amount of an Installment as provided in Section 5.2C shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder). Prior to the release of the Fifth Installment, the “Federal Adjustment Factor” shall be an amount equal to $0.86. From and after the release of the Fifth Installment, the “Federal Adjustment Factor” shall be an amount equal to $0.914. Any amount payable under this Section is referred to as the "Federal Adjustment Amount".

B. Federal Timing Adjuster. If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $183,531 in 2006, $485,546 in 2007, and $506,455 in 2008 (the “Target Amounts”), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $183,531 in 2006, $485,546 in 2007, and $506,455 in 2008 (a "Federal Timing Adjustment"). Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Tax Credit Amount shall vary from the Projected Aggregate Federal Tax Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Tax Credit Amount varies from the Projected Aggregate Federal Tax Credit Amount.

C. Payment of Federal Adjustments. Any Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) or Federal Timing Adjustment shall be applied first to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal Adjustment Amount (as increased pursuant to Section 5.2A) and Federal Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a “Federal Tax Credit Shortfall Payment”) to the Investor Limited Partner in the amount of such excess within thirty (30) days of the date of the determination in question. Any such Federal Tax Credit Shortfall Payment by the General Partners shall constitute a Capital Contribution to the Partnership but shall not be reimbursable by the Partnership, and shall be immediately distributed by the Partnership to the Investor Limited Partner. If full payment of such excess amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate. Notwithstanding the foregoing, any Federal Adjustment Amount which was caused by a Recapture Event shall be payable solely out of Cash Flow or proceeds of a Capital Transaction.

D. Provisional Adjustments. If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under Section 5.2A.
or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants' subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall promptly pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2C above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

E. Federal Upward Basis Adjuster If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the “Federal Increase Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount. The “Federal Increase Factor” shall be an amount equal to $0.86 for every $1.00 by which the Adjusted Aggregate Federal Tax Credit Amount exceeds the Projected Aggregate Federal Tax Credit Amount. In no event shall any increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2E exceed $500,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, in the event that, through the Completion Date the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), then the increased Capital Contribution payable under this Section 5.2E shall be reduced by an amount equal to 40% of any Net Interest Income.

Section 5.3. Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before October 1, 2007, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or
(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (5) the Project shall become ineligible for 50% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions; or

(iii) any Lender or Governmental Agency shall disapprove, or fail to give a required approval of, the Investor Limited Partner as a Partner of the Partnership.

B. If any such event set forth in Section 5.3A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner (with a copy to the Servicing Agent) of the obligations of the General Partner hereunder to purchase the Investor Limited Partner's Interest (such obligation being herein called a "Purchase Obligation" and such notice the "Purchase Obligation Notice") within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an "Election Notice") within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the General Partner shall pay the Investor Limited Partner a purchase price (the "Purchase Price") in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 110% of the Investor Limited Partner's Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount
of any interest or penalties payable in connection with any recapture of tax credits allocated to
the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that
portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership,
(b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor
Limited Partner's Interest and (c) the amount of any tax credits allocable to the Interest which
will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no
further obligations under this Agreement, and the General Partners and Class B Limited Partner
shall indemnify and defend the Investor Limited Partner and hold it harmless against any such
obligations. The General Partners and the Class B Limited Partner shall take all action and shall
pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase
Price as against any creditor of any General Partner, the Class B Limited Partner or the
Partnership. Notwithstanding the purchase by the General Partner of the Interest of the Investor
Limited Partner pursuant to Section 5.3A, to the extent permitted under the applicable provisions
of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits
in respect of said Interest for the period prior to the date of the receipt by the Investor Limited
Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest
of the Investor Limited Partner shall not vest in the General Partner until payment in full of the
Purchase Price therefor. Upon such payment, the General Partner and the Class B Limited
Partner shall forthwith cause an amendment hereto and to the Certificate and any other necessary
papers to be executed, filed, recorded and published wherever required showing such
substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor
Limited Partner of its right to require the purchase by the General Partner of its Interest in the
manner described in this Section 5.3.

F. The Investor Limited Partner shall have the right to waive its right to have its
Interest repurchased at any time during which any of such rights shall be in effect. Any such
waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of
a written notice stating under which clause(s) of this Section it is waiving its right to have its
Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date
forward.

G. Should any General Partner repurchase the Interest of the Investor Limited
Partner pursuant to this Section 5.3, then the Special Limited Partner agrees to withdraw from
the Partnership at the same time as the Investor Limited Partner's withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in
full when due in accordance with this Agreement, the Partnership shall give written notice to
such defaulting Limited Partner (the "Defaulting Limited Partner"), who shall have thirty (30)
days after such notice to make such payment. If the Defaulting Limited Partner fails to make
such payment within such period, then such failure shall constitute a default by the Defaulting
Limited Partner under this Agreement and all unpaid future Capital Contributions shall be
immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for consent of the Defaulting Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and concurrent and may be pursued separately, successively, or together except as is otherwise provided in this Section, and such rights and remedies may be exercised as often as occasion therefor shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) Sale of Interest. After the notice of default by the Partnership and expiration of the thirty (30) day cure period described above, the Partnership may elect, upon ten (10) days’ written notice to the Investor Limited Partner, to sell the Investor Limited Partner’s Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable best efforts to obtain the highest price for the Investor Limited Partner’s Interest. The Investor Limited Partner shall receive any remaining net proceeds of such sale after satisfaction of the obligations of the Investor Limited Partner hereunder.

(ii) Actions for Specific Performance. At any time, after the notice of default by the Partnership and after expiration of the thirty (30) day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits, to recover all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney’s fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership’s exercise of its rights under subsection (i) above.

(iii) Interest. After default by the Partnership, the defaulted future Capital Contributions will bear interest at the Designated Prime Rate plus one percent (1%) until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) Certain Disputes. Notwithstanding the foregoing, this Section 5.4 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder, in the event a bona fide dispute exists as to the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the thirty (30)-day period described above for non-binding mediation and then Arbitration in Dallas, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights
under this Section 5.4 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a finding by the Arbitrator that all conditions to the disputed Installment were satisfied (regardless of whether the Investor Limited Partner has exercised its right to challenge the Arbitrator's finding pursuant to (2) above). If the Investor Limited Partner fails to pay such amounts within such ten (10) day period, the Investor Limited Partner shall not be entitled to exercise its rights under (2) above and the finding by the Arbitrator shall be deemed final and binding. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any attorney's fees incurred in connection with such Arbitration.

B. Notwithstanding any other provision hereof, the Partnership acknowledges that the Investor Limited Partner has previously pledged its Interest to Fleet pursuant to the Fleet Pledge described in Section 8.1D hereof. The Partnership agrees that it will give Fleet written notice (at the following address: Fleet National Bank, Mail Code: MA5-503-04-16, One Federal Street, Boston, MA 02110, Attention: John F. Simon, Senior Vice President) of any default by the Investor Limited Partner hereunder, and further agrees that Fleet will have sixty (60) days from its receipt of such notice to cure any such default prior to the Partnership's exercising any of its rights and remedies hereunder or otherwise at law or in equity, including, without limitation, its right to sell the Interest hereunder. Fleet may cure any such default by paying only the Installment or Installments for which the conditions to payment set forth in Section 5.1 hereof have then been satisfied. Fleet, as "Agent", is an intended third party beneficiary of this Section 5.4B

Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership (with a copy to the Servicing Agent) within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1. Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Governmental Agency.
B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or

(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant which consent will not be unreasonably withheld provided there are no adverse tax consequences; or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or
(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) to amend any of the Related Agreements, or

(xii) to permit the merger, termination or dissolution of the Partnership, or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xiii) shall not be unreasonably withheld), or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2. Tax Matters Partners

A. The Managing General Partner is hereby designated as the "Tax Matters Partner" for the Partnership. Upon the Retirement of the Person serving as the TMP (the "Retired TMP"), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP
until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.

B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partners and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.
Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.

B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Governmental Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. LifeNet-Lewisville GP, LLC is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) any General Partner, Developer or Guarantor is in default in any material respect under any of its obligations under this Agreement or any of the Related Agreements, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to a General Partner, the Developer or any Guarantor or, (vi) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or MMA Financial, may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof (with a copy to the Servicing Agent). Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited
Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner pursuant to this Section 6.3C, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners and Class B Limited Partner

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a “qualified low income housing project” under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a “qualified low income housing project” under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all
annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.

E. Except as provided in or contemplated by the Project Documents, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan (except for nonrecourse carveouts and indemnification required under Section 3.8 and Article XII of the Bond Loan Agreement). Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. The General Partner shall be solely responsible for the following:

1. analyzing the Qualified Allocation Plan (“QAP”) for targeted areas within a state;
2. analyzing a site’s economy and forecasting future growth potential;
3. determining the site’s zoning status and possible rezoning strategies;
4. contacting local government officials concerning access to utilities, public transportation and local ordinances;
5. performing environmental tests;
6. negotiating the purchase of the Land and the financing therefor;
7. causing the Partnership to acquire the Land;
8. processing necessary documentation with the Credit Agency in connection with the Tax Credits;
9. arranging the permanent mortgage financing for the Project; and
(10) arranging for the admission to the Partnership of the Investor Limited Partner and the Special Limited Partner.

In consideration for its services set forth in this Section 6.4H, the General Partners have received their interests in the profits of the Partnership as set forth in Section 10.3. The General Partner shall not assign any of these duties to the Developer.

I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner's receipt of any written notice to such effect from any federal, state, or other Governmental Agency; and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. [Reserved]

K. The General Partners, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of each of the Buildings (including site improvements) and the Land attributable thereto is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Mortgage Loan or Development Amount and accrued interest thereon as a Partner Nonrecourse Debt ("Related Party Financing"), then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action shall be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1J.
N. The Class B Limited Partner shall deliver to the Investor Limited Partner copies of all draw requests and reports by the Inspecting Architect submitted to the Servicing Agent and Bond Lender in connection with construction of the Project.

O. The General Partner and Class B Limited Partner shall take all steps necessary to provide social services as required by any applicable Governmental Agency.

P. The General Partner shall take all actions and file all materials necessary to obtain and maintain a 50% exemption from ad valorem taxes applicable to the Property throughout the Compliance Period.

Section 6.5. Representations, Warranties and Covenants; Certain Indemnities

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the Investment Closing, will be true on the due date for payment of each Installment and at all times hereafter:

(i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Limited Partners as provided herein.

(ii) No litigation or proceeding against the Partnership, any General Partner or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Class B Limited Partner, the Contingent Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

(iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

(v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

(vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of Investment Closing.
(vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) or, a "will-issue" letter has been obtained by the relevant Governmental Agency which provides that all building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project are ready and may be obtained subject only to payment of a required fee and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Agency having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(viii) The Partnership owns the fee simple interest in the Property and has good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, matters set forth in the Title Policy delivered at Investment Closing, encumbrances the Partnership is permitted to create under Sections 2.4 and 6.1, and mechanics' or other liens which have been bonded or insured against in such a manner as to preclude the holder of such lien or such surety or insurer from having any recourse to the Property or the Partnership for payment of any debt secured thereby. None of the liens, charges, encumbrances or exceptions set forth in the Title Policy delivered at Investment Closing has or will have a material adverse effect upon the construction or operation of the Project.

(ix) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken, pertaining to the Partnership or the Property by any General Partner or an Affiliate thereof which is an Entity have been or will be duly authorized by all necessary action, and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the organizational documents of any such Entity or any agreement by which any such Entity or any of its properties is bound, nor constitute a violation of any law, administrative regulation or court decree. Each such Entity is duly organized and validly existing under the law of the state of its organization.

(x) No General Partner is in default in any material respect in the observance or performance of any provision of this Agreement to be observed or performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has
occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor, the Class B Limited Partner, the Contingent Guarantor, or the Developer.

(xiii) The Project will qualify on and after the Completion Date as a “qualified low-income housing project” under Section 42(g) of the Code and all Low Income Units in the Project will qualify as “low income units” under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, Affiliate of a General Partner, or Person for whose conduct any General Partner has or had control of: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvi) To the best of the General Partner’s knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) Fifty percent (50%) or more of the aggregate basis of each of the Buildings and the Land attributable thereto will be financed with an obligation the
interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xx) The General Partner will elect to be treated as a corporation for tax purposes under the “check-the-box” regulations promulgated under section 7701 of the Code. The General Partner intends to be treated as a “tax-exempt controlled entity” as such term is defined in Section 168(h)(6)(F)(iii) of the Code;

(xxi) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(xxii) No employees shall be engaged by the Partnership.

(xxiii) Fees to be paid by the Partnership to the General Partners and their Affiliates will be reasonable in amount for services actually performed or material actually provided.

(xxiv) None of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage ratios.

(xxv) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other Person or Entity, including its General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including the General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents, or this Agreement, pay its own liabilities out of its own funds;

(f) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm’s length relationship with its Affiliates;
(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;

(j) use invoices and checks separate from any other Person or Entity, including the General Partners or any Affiliates of the Partnership; and

(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the General Partners or any Affiliates of the Partnership.

(xxvi) All of the representations and warranties set forth in the Closing Certificate are true and correct.

(xxvii) The Adjusted Aggregate Federal Tax Credit Amount shall be at least $5,064,550.

(xxviii) The General Partner represents that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Class B Limited Partner, the Guarantor, the Contingent Guarantor, or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Class B Limited Partner, the Contingent Guarantor, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) and neither the Partnership nor any General Partner has received any notice or has any
knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor, the Class B Limited Partner, the Contingent Guarantor, or the Developer.

Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof; provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Investment Closing; provided, however, that the foregoing indemnification shall not apply to any Mortgage,
necessary contractual obligations normally incurred in connection with the Property, or to acts
for which such General Partners are entitled to indemnification under Section 6.6A.

D. The General Partners agree to promptly indemnify, defend, and hold harmless the
Partnership and the Limited Partners from and against any claims, losses, damages, costs,
expenses or liabilities which the Partnership and the Limited Partners may incur on account of
the presence or escape of any Hazardous Material at or from the Property (or at any other
location), provided, however, that with respect to mold, the indemnification by the General
Partner of the Partnership shall only apply in the event that the General Partner caused, or had
knowledge of, the condition which gave rise to the occurrence of mold. Any such claims, losses,
damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the
Limited Partners with counsel of the Limited Partners’ selection, but at the expense of the
General Partners. The foregoing indemnification shall be a recourse obligation of the General
Partners and shall survive the dissolution of the Partnership and/or the death, retirement,
incompetency, bankruptcy or withdrawal of any General Partner.

E. The General Partners shall defend, indemnify and hold harmless the Partnership
and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or
amounts paid in settlement incurred by reason of any demands, claims, suits, actions or
proceedings arising out of the General Partners’ or any Designated Affiliate’s negligence,
misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without
limitation any breach by any General Partner or any Designated Affiliate of any representation,
warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement,
including all reasonable legal fees and costs incurred in defending against any claim or liability
or protecting itself or the Partnership from, or lessening the effect of, any such breach. The
foregoing indemnification shall be a recourse obligation of the General Partners and shall survive
the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or
withdrawal of any General Partner.

Section 6.7. Liability of General Partners to Limited Partners

A. Except as set forth in Section 6.6, no General Partner or Designated Affiliate (as
defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to
the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises
out of any action or inaction of such General Partner or Designated Affiliate (i) if such General
Partner or Designated Affiliate, in good faith, determined that such course of conduct was in the
best interests of the Partnership and (ii) such course of conduct did not constitute negligence,
breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate
or breach of this Agreement.

B. As used in Sections 6.6 and 6.7, a “Designated Affiliate” is any Person
performing services on behalf of the Partnership, within the scope of authority of the General
Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with
any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of
any General Partner, (iii) is an officer, director, partner, member or trustee of any General
Partner, or (iv) if any General Partner is an officer, director, partner, member or trustee, of any
company for which such General Partner acts in any such capacity.
Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all Other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the Interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.

Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the
foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.9A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $950,000 which includes the funding of the Replacement Reserve. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $100,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

C. In addition to the obligations set forth in Sections 6.9A and 6.9B, the General Partners agree that if at any time during the Compliance Period the Partnership is requested to pay real estate taxes ("Excess Real Estate Taxes") and has an operating deficit, then the General Partners shall furnish to the Partnership the funds required to pay such operating deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the General Partners shall be deemed Special Capital Contributions.

Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

(i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

(ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and

(iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition,
construction, development or rent-up of the Land or Improvements or for the administration of
the Partnership's business or otherwise, except for (i) payments provided for or referred to in
Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee
referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and
distributions as may be permitted to be paid by any Lender or the Governmental Agency out of
the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction
Contract.

Section 6.11. Joint and Several Obligations

If there is more than one General Partner, all obligations of the General Partners
hereunder shall be joint and several obligations of the General Partners, except as herein
expressly provided to the contrary.

Section 6.12. Reserve Accounts

A. The General Partners shall establish a reserve account for capital replacements,
which account shall be funded by monthly deposits of $3633, which amount equals $200 per unit
per year (or such greater amount as may be required by any Lender or, subject to any Requisite
Approvals, such lesser amount as shall be approved in writing by the Special Limited Partner
from time to time) commencing on the Completion Date. Withdrawals from such reserve shall
be utilized solely to fund capital repairs and improvements deemed necessary by the General
Partners.

B. The General Partners shall cause the Partnership to establish a Lease-Up Reserve,
as required under the terms of the Indenture.

ARTICLE VII

Withdrawal of a General Partner; New General Partners

Section 7.1. Voluntary Withdrawal

No General Partner shall have the right to withdraw or Retire voluntarily from the
Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor
Limited Partner, the Class B Limited Partner and any Requisite Approvals.

Section 7.2. Obligation to Continue

In the event of the Retirement of any General Partner, the remaining General Partners, if
any, and any successor General Partner shall have the obligation to continue the business of the
Partnership employing its assets and name. Immediately after the occurrence of such Retirement,
the remaining General Partners, if any, shall notify the Investor Limited Partner (with a copy to
the Servicing Agent) thereof.

- 47-
Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner. Any Person designated to become a Successor General partner must be a "Community Housing Development Organization" under the laws of the State of Texas and must qualify the Property for an ad valorem property tax exemption.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in its place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners, shall be approved by Consent of the Investor Limited Partner and shall have obtained any Requisite Approvals. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.
Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

(i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

(ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

(iii) an Event of Bankruptcy as to any General Partner, any Guarantor or the Partnership;

(iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or
(v) gross negligence, fraud, willful misconduct, misappropriation of Partnership funds, or a breach of fiduciary duty by a General Partner or any Affiliate of a General Partner providing services to or in connection with the Partnership or the Project.

C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing (with a copy to the Servicing Agent), of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of such Removal Notice being referred to herein as the “Removal Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7B above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Investor Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.
E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Removal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to
be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner and any Partnership obligations not listed in the prior year's financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special
Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a
general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this
Section 7.7, the removed General Partner shall immediately deliver to the Special Limited
Partner all books, records, tax and financial information relating to the Partnership and the
Property that are in the possession or under the control of the General Partner or any of its
Affiliates. The General Partner agrees that if it fails to comply with the provisions of this
Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no
portion of the Removal Purchase Price shall be payable unless the provisions of this Section are
fully and promptly complied with.

M. If the General Partner fails to comply with any of its obligations under this
Section 7.7 or contests the right of the Special Limited Partner to exercise the removal or other
rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding,
any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section
7.7, including, without limitation, legal fees and expenses, shall be paid by the General Partner
upon presentation of an itemized statement describing the same, which costs shall be deemed to
be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special
Limited Partner may, as of such date, elect to become, or to designate another Person, including,
without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to
become, an additional General Partner with all the rights and privileges of a General Partner. If
the Special Limited Partner or such other Person shall become an additional General Partner as
herein stated, its interest in the Partnership shall not be increased as a result thereof. In the event
of the admission of the Special Limited Partner or such Person as a General Partner pursuant to
this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or
such other Person shall have managerial rights, authority and voting rights of 51% on any
matters to be decided or voted upon by the General Partners or the Managing General Partner, as
the case may be, and the rights and authority of the remaining General Partners or the Managing
General Partner, as the case may be, shall be deemed equally divided among them. The Special
Limited Partner shall be entitled to receive reasonable compensation for serving as a General
Partner under this Section, and any such compensation shall be a reduction of the Removal
Purchase Price.

ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the
Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its
assignee in its place as a Substitute Limited Partner without the written consent of the General
Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA, the
consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of any interest in the Investor Limited Partner, the General Partner agrees to make such changes to this Agreement and the Related Agreements as the Investor Limited Partner may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) the Investor Limited Partner may pledge, without the consent of the General Partners or any other Person, its Interest to Fleet National Bank as Agent (together with its successors and/or assigns in such capacity, "Fleet") to secure a loan to an affiliate of the Investor Limited Partner, the proceeds of which have been used by the Investor Limited Partner to make its Capital Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, "investment property" or held in a "securities account" (within the meaning of the Uniform Commercial Code of the State (the "UCC") and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a "security" or as "investment property" or to be held in a "securities account" within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect. Fleet, as Agent, is an intended third party beneficiary of this section.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.
Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner's Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

Section 8.4. Voluntary Withdrawal of the Class B Limited Partner

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner.

Section 8.5. Removal of the Class B Limited Partner

A. The Class B Limited Partner is an affiliate of the Developer and the Contingent Guarantor. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the Class B Limited Partner in accordance with the provisions of this Section 8.5 if a Class B Default occurs and is not cured within the time period set forth in this Section 8.5.

B. As used in this Section 8.5, "Class B Default" means the occurrence of any of the following events:

(i) a material default by the Developer of any of its obligations under the Development Agreement which is not cured after written notice from the
Investor Limited Partner and which results in a termination of the Development Agreement;

(ii) a material default by the Contingent Guarantor in the performance of any of its obligations under the Contingent Guaranty Agreement.

C. In the event that the Special Limited Partner determines to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5, the Special Limited Partner shall notify the Class B Limited Partner in writing, of the Class B Default that is the cause for the removal of the Class B Limited Partner (any such notice being referred to herein as a “Class B Removal Notice” and the date of such Class B Removal Notice being referred to herein as the “Class B Removal Notice Date”). In the case of any Class B Default described in clauses (i) or (ii) of Section 8.5B above, the Class B Limited Partner shall have thirty (30) business days (or ninety (90) business days if it is a non-monetary default) from the Class B Removal Notice Date to cure the Class B Default; provided, however, that if a non-monetary Class B Default cannot be reasonably cured within ninety (90) business days, the Class B Limited Partner shall not be removed if the Class B Limited Partner commences such cure within ninety (90) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within one hundred fifty (150) business days following the Class B Removal Notice Date (or such lesser period as is required to cure the Class B Default), and the failure to cure such Class B Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. If the Class B Limited Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the Class B Limited Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Class B Default reasonably acceptable to the Investor Limited Partner.

D. If a Class B Limited Partner is removed pursuant to this Section 8.5, the Partnership shall pay to such Class B Limited Partner in the manner set forth in Section 8.5G an amount equal to the amount which the removed Class B Limited Partner would have received under Section 10.1B from a deemed sale of the Project on the Class B Removal Notice Date, based on the Appraised Value of the Project determined under Section 8.5F below minus an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the Class B Limited Partner prior to its removal, including, without limitation, the Class B Default creating the right of the Special Limited Partner to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed Class B Limited Partner. The resulting amount is referred to herein as the “Class B Removal Purchase Price.” Notwithstanding the foregoing, the Class B Removal Purchase Price shall not be less than zero.

E. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any fees owed to the Class B Limited Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Class B Removal Notice Date shall be part of the Class B Removal Purchase Price as
described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Class B Removal Purchase Price as calculated pursuant to the provisions of Section 8.5D above, or (ii) there exist any unpaid obligations or liabilities of the Class B Limited Partner that relate to the period up to and including the effective date of the removal of the Class B Limited Partner, any such unpaid fees owed to the Class B Limited Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the Class B Limited Partner (or such Affiliates) and applied by the Class B Limited Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the Class B Limited Partner (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 8.5C above, the Class B Limited Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) business day period, the Class B Limited Partner and the Special Limited Partner each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two (2) determinations. If the third (3rd) determination is either lower or higher than both of the other two (2) appraisers, then the average of all three (3) appraisers shall be the fair market value. The Partnership and the removed Class B Limited Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 8.5F.

G. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any Class B Removal Purchase Price due to the Class B Limited Partner pursuant to the provisions of Section 8.5D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Class B Removal Purchase Price under the provisions of this Section 8.5, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such Class B Limited Partner and its Affiliates generally and to any others claiming by or through the Class B Limited Partner or its Affiliates to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the Class B Limited Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Class B Removal Notice Date. Concurrently with the
determination of the Class B Removal Purchase Price, the Class B Limited Partner shall provide
the Partnership, the successor Class B Limited Partner, if any, and the Investor Limited Partner
with additional written releases from the Class B Limited Partner (and any Affiliates to whom
obligations of any kind are owed by the Partnership, the successor Class B Limited Partner, if
any, the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the Class B Limited Partner is removed pursuant to the
provisions of this Section 8.5, all agreements between the Partnership and the Class B Limited
Partner and/or its Affiliates shall be terminated and, except for payment of the Class B Removal
Purchase Price due to the Class B Limited (or such Affiliates), the Partnership shall have no
further obligations under such agreements. From and after the effective date of its removal, the
removed Class B Limited Partner shall not be liable for obligations of the Partnership incurred
subsequent to such effective date unless such obligations arise out of acts or omissions of the
Class B Limited Partner prior to such effective date. The removed Class B Limited Partner shall
continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as
the Class B Limited Partner and any Partnership obligations not listed in the prior year’s
financial statements or otherwise described in writing to the Special Limited Partner, and for any
Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective
date of its removal. Without limiting the generality of the foregoing, and in addition to any of its
other obligations hereunder, the removed Class B Limited Partner shall continue to be liable for
any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital
Contribution adjustment provisions of Article V as a result of any adjustments determined
thereunder, other than adjustments arising from a Recapture Event subsequent to the effective
date of the removal of the removed Class B Limited Partner.

J. The election by the Special Limited Partner to remove any Class B Limited
Partner pursuant to the provisions of this Section 8.5 shall not limit or restrict the availability and
use of any other remedy that the Special Limited Partner or the Investor Limited Partner may
have with respect to any Class B Limited Partner in connection with its undertakings and
responsibilities under this Agreement, and the exercise by the Special Limited Partner of the
rights granted to it in this Section 8.5 is understood by the parties hereto to be permitted by the
Uniform Act as the exercise of powers not constituting participation in the control of the
business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable
for Partnership obligations as a general partner.

K. In the event that any Class B Limited Partner is removed pursuant to the
provisions of this Section 8.5, the removed Class B Limited Partner shall immediately deliver to
the Special Limited Partner all books, records, tax and financial information relating to the
Partnership and the Property that are in the possession or under its control of the Class B
Limited Partner or any of its Affiliates. The Class B Limited Partner agrees that if it fails to
comply with the provisions of this Section 8.5K, the Limited Partners may enforce such
provisions by specific performance, and no portion of the Class B Removal Purchase Price shall
be payable unless the provisions of this Section are fully and promptly complied with.

L. If any Class B Limited Partner fails to comply with any of its obligations under
this Section 8.5 or contests the right of the Special Limited Partner to exercise the removal or
other rights described in this Section 8.5, any costs and expenses incurred by the Limited
Partners in enforcing their rights in this Section 8.5, including, without limitation, legal fees and expenses, shall be paid by the Class B Limited Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

M. Notwithstanding the foregoing, in the event a bona fide dispute exists as to the occurrence of a Class B Default, the Class B Limited Partner shall have the right, within twenty (20) days of the Class B Removal Notice Date to submit the matter for non-binding mediation and then Arbitration in Dallas, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that a Class B Default has occurred, the Class B Limited Partner agrees that the Class B Limited Partner will be removed as a Partner from the Partnership; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Class B Limited Partner or the Investor Limited Partner, as the case may be, shall have the right, only after the Class B Limited Partner has been removed pursuant to Section 8.5 of this Agreement, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the removal of the Class B Limited Partner be construed as a waiver of such right. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any attorney’s fees incurred in connection with such Arbitration.

ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans except for nonrecourse carveouts and indemnification required under Section 3.8 and Article XII of the Bond Loan Agreement.

B. Subject to Section 6.1, the General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans and Working Capital Loans.
D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to make Operating Expense Loans, Working Capital Loans and Development Advances, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes an Operating Expense Loan, Working Capital Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable and shall be repayable as therein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member (which may include without limitation the Federal Home Loan Mortgage Corporation) in the Investor Limited Partner (such limited partner or member being referred to herein as a “Mortgagee Limited Partner”) at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property owned by the Partnership (any such loan being referred to as a “Related Mortgage Loan”). Under no circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee Limited Partner's status as a limited partner or member of the Investor Limited Partner. Notwithstanding any provision to the contrary in this Section 9.1E, the General Partners shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Limited Partner and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Partners.

F. Any debt or bond financing or any credit support, guarantee or other financial enhancement of indebtedness related to or for the benefit of the Partnership or the Project (collectively, “Financing”) shall require the consent of the Investor Limited Partner if Fannie Mae has any present involvement (or any contemplated future involvement pursuant to a commitment existing at such time) with or relationship to such Financing. The request for the Investor Limited Partner’s consent shall include the General Partners’ determination, based upon advice of the tax counsel or Accountants for the Partnership, that the Financing from Fannie Mae will not cause any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership.
G. The General Partners shall take any action within their reasonable control necessary to remedy any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership resulting from any Financing from Fannie Mae related to or for the benefit of the Partnership or the Project.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Forward Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3. Sales Commissions

In connection with the sale of the Property by the Partnership, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.

ARTICLE X

Profits, Losses and Distributions

Section 10.1. Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any balance paid to the Developer as payment of the Deferred Development Fee, and (ii) Cash Flow for each Fiscal Year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each Fiscal Year, in the following order of priority: First, to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions pursuant to Clause Second below) equal to the Cumulative Priority Distribution;
Second, to the Investor Limited Partner an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

Third, to the payment of any Deferred Development Fee and any accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fifth, 10% of the balance remaining after Clause Fourth above shall be distributed to the Investor Limited Partner;

Sixth, to the payment of the Incentive Management Fee;

Seventh, any balance shall be used as follows: 85% shall be paid to the Class B Limited Partner, 15% shall be distributed to the General Partner.

B. Distributions of Capital Transaction Proceeds

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);

Third, to the repayment of any outstanding Deferred Development Fee and any interest accrued thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the payment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

Fifth, to the Investor Limited Partner an amount equal to the excess (if any) of (i) the amount of the Cumulative Priority Distribution over (ii) the sum of (a) prior distributions under this Clause Fifth and (b) prior distributions under Clause First of Section 10.1A;

Sixth, to the Investor Limited Partner an amount equal to theretofore unpaid Tax Credit Shortfall Payments;

Seventh, $10,000 to the Special Limited Partner; and
Eighth, the balance of such proceeds, if any, shall be distributed 20% to
the Investor Limited Partner, 10% to the General Partner, and 70% to the Class B
Limited Partner.

C. **Sharing of Distributions**

All distributions to the respective classes of the Partners shall be shared by the members
of such classes in accordance with the percentages set forth opposite their respective names on
the Schedule, except as otherwise provided in this Agreement.

D. **Proceeds from Insurance**

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives
proceeds from the Title Policy, an insurance policy, or as the result of a casualty or
condemnation after payment of debts and obligations of the Partnership, such proceeds shall be
applied and distributed as follows: first, pursuant to Section 10.1B First; second, pursuant to
Section 10.1B Second; third, to the payment to the Investor Limited Partner of an amount equal
to 100% of its Net Capital Contribution that has been contributed to date, less the value of the
Federal Tax Credits and losses taken and less any cash distributions received under Section
10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

**Section 10.2. Distributions Upon Dissolution**

A. Upon dissolution and termination, after payment of, or adequate provision for, the
debts and obligations of the Partnership, the remaining assets of the Partnership shall be
distributed to the Partners in accordance with the positive balances in their Capital Accounts
after taking into account all Capital Account adjustments for the Partnership taxable year,
including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. Liquidation
distributions shall be made by the end of the taxable year in which the liquidation occurs or, if
later, within ninety (90) days after the date of liquidation. In the event that a General Partner or
Investor Limited Partner has a negative balance in its Capital Account following the liquidation
of the Partnership or its Interest after taking into account all Capital Account adjustments for the
Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the
Partnership in cash an amount equal to the negative balance in its Capital Account. Such
payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after
the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse
creditors of the Partnership or distributed to other Partners in accordance with the positive
balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of the Investor
Limited Partner to contribute such deficit shall be zero unless and until it shall notify the
Partnership in writing of its election to have a different amount (the “Designated Amount”) apply,
which Designated Amount may be increased or reduced (subject to the provisions of the
following sentence) by similar written notice from the Investor Limited Partner at any
subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the
same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the
Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in
its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share
of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.
With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article X, for each Fiscal Year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner and 99.98% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article X, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Fifth through Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided,
that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Fifth through Eighth of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner, and 99.98% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the “Section 10.3C Items”) in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any Fiscal Year, then the allocation of profits and losses under Section 10.3A for such Fiscal Year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in F-I-youń and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited
Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Nonrecourse Debt Minimum Gain plus the amount if any, of such Limited Partner's Designated Amount (as specified in accordance with Section 10.2A). Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.5B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(i)(4)(4) applied consistently with Treasury Regulation Section 1.704-2(i)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(i)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives in any taxable year (1) any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) or (2) a distribution, and such adjustment, allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to
restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.
F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.

Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.

Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.

Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.

Capital Accounts shall be increased by any qualified income offset under Section 10.4C.

Capital Accounts shall be increased by allocations of profits under Section 10.3A.

Capital Accounts shall be reduced by allocations of losses under Section 10.3A.

Capital Accounts shall be reduced by allocations of losses under Section 10.3B.

Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.98% interest in profits of the Partnership, the Class B Limited Partner shall be deemed to have a 0.01% interest in profits of the Partnership, and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any Fiscal Year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4). Notwithstanding any provision to the contrary in this Section 10.5H, depreciation deductions shall in all events be allocated 99.98% to the Investor Limited Partner, 0.01% to the General Partners, and 0.01% to the Class B Limited Partner.

I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.
K. Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated 99.98% to the Investor Limited Partner, 0.01% to the Class B Limited Partner, and 0.01% to the General Partners.

L. Any partner nonrecourse deductions as determined under Treasury Regulation Sections 1.704-2(i)(2) and 1.704-2(k) with respect to Partner Nonrecourse Debt for any Fiscal Year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such deductions are attributable in accordance with Treasury Regulation Section 1.704-2(b)(4) and 1.704-2(i).

M. The Partnership and its Partners shall be permitted to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

**ARTICLE XI**

**Management Agent**

Section 11.1. Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Alpha-Barnes Real Estate Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) initially of the lesser of 3.5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender. Notwithstanding the foregoing however, the General Partner in its reasonable discretion and upon its determination that project revenues are sufficient to support the payment of a higher Management Fee may increase such Management Fee to an amount which will not exceed the lesser of 5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable Governmental Agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate
to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a "qualified low-income housing project" under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a "low income unit" under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, (a "Management Default Notice") and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Limited Partner and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI. By its execution hereof, the Management Agent agrees that the provisions of this Section which limit the amount of the Management Fee and provide for the termination of the Management Agent under the circumstances herein described are hereby incorporated into any present or future Management Agreement (which shall be deemed amended hereby to the extent necessary to give effect to such provisions).

Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to
take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the offices of the Developer until the Completion Date, and thereafter at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each Fiscal Year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement or the Development Agreement under which such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement and the Development Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt of such balance sheet and statements and in any event within sixty (60) days after the end of each Fiscal Year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also review and sign the federal and state income tax returns of the Partnership. In connection with the preparation of such tax returns, the General Partners shall seek and obtain the advice of the Special Limited Partner with respect to material allocations of assets for cost recovery purposes. The General Partners shall complete the books of the Partnership in such time as will allow the
Accountants to complete such tax returns within forty-five (45) days after the end of such Fiscal Year. The General Partners shall cause such tax returns to be filed within such time periods and shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of Schedule K-1. If the General Partners fail to complete such tax returns and to transmit such Schedule K-1 to the Investor Limited Partner within such time periods, shall fail to transmit the annual balance sheet and financial statements to the Investor Limited Partner within the time period set forth above or shall fail to deliver any of the information required by Section 12.1E within twenty (20) days after the end of any applicable quarter of the Partnership’s Fiscal Year, the General Partners shall pay as damages the sum of $250 per day (plus interest at the Designated Prime Rate plus 3% per annum) to the Investor Limited Partner until such Schedule K-1, and financial statements and information required pursuant to Section 12.1E are received by the Investor Limited Partner. Such damages shall be paid forthwith by the General Partners and failure to so pay shall constitute a default of the General Partners under Section 6.3C. In addition, if the General Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully paid then the General Partners and their Affiliates shall forthwith cease to be entitled to any Cash Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 10.1A (“Cash Flow Fees”). Such payments of Cash Flow and Cash Flow Fees shall only be restored upon the payment of such damages in full and any amount of such damages not so paid shall be deducted against payments of the Cash Flow and Cash Flow Fees otherwise due to the General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish all necessary documentation and other information to prepare such tax returns and such Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the Partnership and may inspect and copy any of them. A list of the names and addresses of all of the Limited Partners shall be maintained as part of the books and records of the Partnership and shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be charged by the Partnership. Within a reasonable time following receipt of a written direction from the Investor Limited Partner, the General Partners shall furnish copies of information or reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each Fiscal Year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such Fiscal Year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which
need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Governmental Agency or Lender (including without limitation any REAC inspection reports, if applicable) promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership. The General Partner shall authorize the Developer to execute draw requests on behalf of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited
Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current Fiscal Year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the Credit Period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.

J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a “Radon Report”) for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association (“NEHA”) National Radon Proficiency Program or (b) The National Radon Safety Board (“NRSB”). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.airchek.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

K. The General Partners will notify the Partners of any "reportable transaction" under Treasury Regulation Section 1.6011-4 in which the Partnership shall engage.

Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and
ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5. Fiscal Year

The Fiscal Year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telexcopier or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to a Partner, at its address set forth in the Schedule, with copies to MMA Financial TC Corp., 101 Arch Street, Boston, MA 02110, Attention: Asset Management Department; MMA Financial TC Corp., 101 Arch Street, Boston, MA 02110, Attention: Legal Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq., Coats, Rose, Yale, Ryman & Lee, 3 Greenway, Suite 2000, Houston, TX 77046; and Michael Eaton, Esq., Eaton, Deaguero & Bishop, PLLC, 1111 West Mockingbird, Suite 1150, Dallas, TX 75247; and if to the Servicing Agent or Bond Lender, Attn: Director, Asset Management, MuniMae Portfolio Services, LLC, 621 East Pratt Street, Third Floor, Baltimore, MD 21202, Attention: Director, Asset Management, with a copy to Stephen A. Goldberg, Esq., Gallagher Evelius & Jones LLP, 218 North Charles Street, Suite 400, Baltimore, MD 21201.
Section 13.2. Word Meanings

The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to "Sections" or "Articles" are to Sections or Articles of this Agreement, unless reference is expressly made to a different document.


The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence and except with regard to the Fleet Pledge, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Partner.

Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.

Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).
C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Dallas, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Denton County of the State of Texas or the courts of the United States located in San Antonio, Texas;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and

(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.
Section 13.9. **Delivery of Certificate**

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. **Additional Information**

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11. **Further Documents and Actions**

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. **Brokers or Finders**

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.

Section 13.13. **Amendment**

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner, the Special Limited Partner, and the Class B Limited Partner (with a copy to the Servicing Agent). All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above. So long as the Fleet Pledge is outstanding, any amendment of those provisions herein of which Fleet, as Agent, is a third party beneficiary, or any other amendment to any other provision herein which would materially affect Fleet's rights and priorities as Agent under the Fleet Pledge, shall require the prior written consent of Fleet. Fleet, as Agent, is an intended third party beneficiary of this section.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: [Signature]
Name: [Name]
Title: [Title]

INVESTOR LIMITED PARTNER: MMA EVERGREEN AT LEWISVILLE, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: Marie H. Keutmann, Vice-President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: Marie H. Keutmann, Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

<table>
<thead>
<tr>
<th>PARTNER TYPE</th>
<th>ENTITY INFORMATION</th>
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<tr>
<td>GENERAL PARTNER:</td>
<td>LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member</td>
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<td>INVESTOR LIMITED PARTNER:</td>
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<td>ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:</td>
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<td>By: Bradley E. Forslund</td>
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<tr>
<td>DEVELOPER (for purposes of Section 7.7)</td>
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<td></td>
<td>By: Bradley E. Forslund, President</td>
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# Exhibit A

LEWISVILLE SENIOR COMMUNITY, L.P.

## SCHEDULE OF PARTNERS

As of December 1, 2004

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<th>Name and Business Address</th>
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<tr>
<td>LifeNet-Lewisville GP, LLC</td>
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<td>10405 Northwest Highway, Suite 100</td>
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<td></td>
</tr>
<tr>
<td>Dallas, TX 75238</td>
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<td></td>
</tr>
<tr>
<td>(214) 221-5433 (Telephone No.)</td>
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<td></td>
</tr>
<tr>
<td>(214) 932-1978 (Fax No.)</td>
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<td>5605 N. MacArthur Blvd., Suite 580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irving, TX 75038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 720-0430 (Telephone No.)</td>
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<td>(214) 720-0434 (Fax No.)</td>
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<tr>
<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
<td>$10.00</td>
<td>100%</td>
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<tr>
<td>MMA Special Limited Partner, Inc.</td>
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<tr>
<td>101 Arch Street</td>
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<tr>
<td>Boston, MA 02110</td>
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<td>(617) 439-3911 (Telephone No.)</td>
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<td>(617) 439-9978 (Fax No.)</td>
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<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
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<tr>
<td>MMA Evergreen at Lewisville, LLC</td>
<td>$4,356,000*</td>
<td>100%</td>
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<td>101 Arch Street</td>
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<td>(617) 439-9978 (Fax No.)</td>
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*Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR

LEWISVILLE SENIOR COMMUNITY, L.P.

List of Related Agreements:

1. Partnership Agreement;
2. Development Agreement;
3. Incentive Management Agreement;
4. Investment Assumptions;
5. Guaranty Agreement;
6. Contingent Guaranty Agreement;
7. Closing Certificate;
8. Opinion of Local Counsel;
9. MTE Pledge Agreement;
10. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of Bond Loan closing, if later) in amount of $16,556,000 with any and all relevant endorsements available in Texas;
11. Tax Credit Approval;
12. Balance Sheet of Partnership (unaudited, dated as of closing date);
13. Financial Statements of General Partner (dated not earlier than December 31, 2003);
14. Financial Statements of Guarantor (dated not earlier than December 31, 2003);
15. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement);
16. Evidence of Lender/Governmental Agency required consents satisfactory to the Investor Limited Partner;
17. Environmental Site Assessment satisfactory to the Investor Limited Partner;
18. Engineering Report satisfactory to the Investor Limited Partner;
Exhibit C

Insurance Requirements

I. General Insurance Requirements

The following are construction period and permanent insurance requirements. This outline describes the minimum types and amounts of insurance that are satisfactory to the Special Limited Partner:

i. Partnership’s Commercial General Liability Insurance (Bodily Injury and Property Damage);

ii. During the construction period, a special form, Builder’s Risk policy (written on a completed value form with an agreed value endorsement) and, thereafter, Partnership’s Property Insurance;

iii. Partnership’s Automobiles/Hired and Non-Owned Liability Insurance;

iv. Insurance for boiler and machinery (if applicable), in the amount of full replacement cost. To be written on a comprehensive form, and to include loss of rents with a maximum of “24 hour” deductible with a mechanical breakdown endorsement;

v. Insurance for flood if project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any sub-designation of Zone “A”). Policies must be obtained through the National Flood Insurance Plan (NFIP) in an amount equal to the full replacement cost or, if that is not available, the maximum amount of insurance available under the NFIP with a deductible not to exceed 2% of the total insured value per building. An excess Flood or Difference in Conditions (DIC) policy should provide for the difference, if any, between the maximum limit provided by NFIP policies and the full insurable value. Flood policies must be in full effect for both the construction and permanent phases;

vi. If the project is located in Seismic Zones 3 or 4, a Seismic Report must be completed to determine Probable Maximum Loss (PML). If the PML is shown to have an expected seismic damage ratio of less than 20%, then earthquake coverage may be waived. If earthquake coverage is required, it must be in full effect for both construction and permanent phases in the amount not less than full insurable value;

vii. Windstorm is a generally accepted exclusion from “All-Risk” insurance policies, provided that a separate policy is obtained for that exclusion. The wind policy must include business income/rents loss coverage for a minimum of 12 months;
viii. Fidelity Bond in an amount not less than six (6) months of project’s gross rental receipts. Fidelity Bond coverage must be in full effect for both the construction and permanent phases;

ix. Management agent’s Workers’ Compensation and Employer’s Liability Insurance in the statutory amount;

x. During the construction period, General Contractor’s Commercial General Liability and Property Damage Insurance; Automobile/Hired and Non-Owned Liability; and Workers’ Compensation and Employer’s Liability Insurance;

xi. During the construction period, Architect’s Errors and Omissions (Professional Liability) Insurance is required;

xii. Ordinance and Law Coverage must be obtained when the project represents a non-conforming use under current building, zoning or land use laws or ordinances. Amount to cover loss of undamaged portion of the building at replacement cost, demolition cost (10% of replacement cost) and increased cost of construction (10% of the replacement cost); and

xiii. Terrorism coverage is required for all projects equal to or greater than $20 million. For projects under $20 million, terrorism coverage is an acceptable exclusion, but remains strongly encouraged.
Additional Insurance Items

- No commercial general liability insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms, and no property insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms in connection with another covered peril (e.g. mold in connection with water damage caused by storm or fire) unless the Special Limited Partner determines that the potential risk for material loss or damage as a result of such exclusions is minimal or that such insurance without those exclusions is unavailable or available only at a price that is not commercially reasonable, or it is not customary practice in the geographic region in which the Property is located to obtain such coverage for the type of construction involved.

- All carriers must be A or better rated according to A.M. Best & Company, with a Financial Size Category rating by A.M. Best of VIII or higher.

- All insurance binders, certificates, and policies for the Partnership’s insurance must name the Partnership as the named insured. All Partnership’s insurance must name the Investor Limited Partner and Special Limited Partner as an additional insured or loss payee as expressly indicated, under a customary form of lender’s or mortgagee’s clause, with a minimum of 30 days notice of cancellation. All architect’s and General Contractor’s insurance must name the Partnership as additional insured or loss payee as indicated.

- All policies shall provide for a minimum of 30 days prior written notice to the Special Limited Partner of cancellation, termination, or reduction of coverage except for non-payment of premium where ten (10) days notice shall be given.

- Please reference the name of the Property or the Partnership, including address, in the “description section” of the insurance certificate.

- Each Certificate/Binder must include a broker or agent contact name along with their phone and fax number.

Special Limited Partner reserves the right to modify the insurance requirements as conditions warrant.
II. DURING THE CONSTRUCTION PERIOD

A. Partnership’s Policies

1. All Risk Builder’s Risk

   Form: Completed Value (Non-Reporting Form)
   Perils: Special form “All-Risk” policy, subject to the policy terms, conditions and exclusions, but excluding Flood and Earthquake (unless in a flood plain or quake zone)
   Valuation: Replacement Cost including the existing structure, if applicable.
   Deductible: Not to exceed $10,000 per occurrence
   Endorsements / Extensions: Permission to Occupy Endorsement
                                 Renovations Coverage Endorsement
                                 Loss of Rents (12 months)
                                 Soft Costs
                                 Ordinance and Law Coverage
                                 Waiver of Coinsurance
   Loss Payee: Investor Limited Partner

2. Commercial General Liability

   Form: ISO, Occurrence Form
   Minimum Limits: $2,000,000 Aggregate Limit
                   $1,000,000 Products/completed Operations aggregate
                   $1,000,000 Personal & Advertising Injury
                   $1,000,000 Each Occurrence
                   $50,000 Fire Damage
                   $5,000 Medical Expense
   Aggregate Limits must be written on a per property basis

3. Umbrella Liability
   Minimum Limit: $3,000,000, but for structures with four or more stories the minimum limit will be $5,000,000
Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

4. Automobile/Hired & Non-Owned Liability (If Rehab)
   Limit: $1,000,000 per accident Combined Single Limit ("CSL")

5. Boiler and Machinery
   (If Rehab)
   Form: Comprehensive Form
   Limit: Total Building Value Limit
   Valuation: Repair and/or Replacement
   Extensions: Loss of Rents with Mechanical Breakdown Endorsement

6. Workers' Compensation and Employer's Liability
   (If Rehab)
   Limits:
   Workers Compensation Statutory
   Employer's Liability
   $1,000,000 Each Accident
   $1,000,000 Disease – Policy Limit
   $1,000,000 Disease – Each Employee

*If the Partnership has no employee(s), please provide evidence of item 5 for the General Partner or, if applicable, parent of the General Partner.

B. General Contractor's Policies

1. Commercial General Liability
   Form: ISO Occurrence Form
   Minimum Limit:
   $2,000,000 Aggregate Limit
   $1,000,000 Products/completed operations Aggregate
   $1,000,000 Personal & Advertising Injury
   $1,000,000 Each Occurrence
   $50,000 Fire Damage
2. Umbrella Liability

Minimum Limit: $3,000,000

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

3. Workers’ Compensation and Employer’s Liability

Certificate Holder: Investor Limited Partner

Limits:
Workers’ Compensation: Statutory

Employer’s Liability:
$1,000,000 Each Accident
$1,000,000 Disease – Policy Limit
$1,000,000 Disease – Each Employee

4. Automobile/Hired & Non-Owned Liability

Limit: $1,000,000 per accident Combined Single Limit (“CSL”)

C. Architect’s Policies

1. E&O Professional Liability Insurance

Minimum Limit: $250,000 or 10% of Construction Contract (whichever is greater)

Certificate Holder: Investor Limited Partner

Additional Insured: Partnership
B. III. PERMANENT INSURANCE

A. Property Insurance

Form: ISO Special Form (please supply Evidence of Property Insurance, ACORD form 27, 28 or other “Special” or “All Risk” form)

Limits:
- Building (Real Property) 100% of insurable Value (Replacement Cost)
- Contents (Personal Property) Replacement Cost Coverage
- Business Interruption (Rents) 12 months’ gross rental income

Valuation: Full Replacement Cost/Agreed Amount Endorsement

Maximum Deductible: $25,000 per occurrence

Extensions:
- Vacancy/Unoccupancy up to 60 days
- Ordinance and Law
- Waiver of Coinsurance

Loss Payee: Investor Limited Partner

B. Commercial General Liability

Form: ISO Occurrence Form

Limit:
- $2,000,000 Aggregate Limit
- $1,000,000 Products/Completed Operations Aggregate
- $1,000,000 Personal & Advert. Injury
- $1,000,000 Each Occurrence
- $50,000 Fire Damage
- $5,000 Medical Expenses
C. Umbrella Liability

Aggregate Limits must be written on a “per property basis”

Deductible or Retention:  
None

Additional Insured:  
Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

C. Umbrella Liability

Minimum Limit:  
$3,000,000, but for structures with four or more stories the minimum limit will be $5,000,000

Additional Insured:  
Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

D. Worker’s Compensation

Certificate Holder  
Investor Limited Partner

Limits:  
$1,000,000 Each Accident
$1,000,000 Disease – Policy Limit
$1,000,000 – Each Employee

E. Auto Liability

Limit  
$1,000,000 per accident combined single limit
F. **Boiler and Machinery**

Form: Comprehensive Form

Limit: Total Building Value Limit

Valuation: Repair and/or Replacement

Extensions: Loss of Rents with Mechanical Breakdown Endorsement

G. **Business Income/Rent Loss Coverage**

Limit: Lesser of actual loss sustained or 12 months gross income/rents
Exhibit D

LEWISVILLE SENIOR COMMUNITY, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the “General Partners”) of LEWISVILLE SENIOR COMMUNITY, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Lewisville, LLC, a Delaware limited liability company and its successors and assigns (the “Investor Limited Partner”), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the “Partnership Agreement”), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred for three consecutive calendar months on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____________, 20__.

LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: __________________________
Title: __________________________

DETERMINATION OF BREAKEVEN REQUIREMENT FOR DEVELOPMENT OBLIGATION DATE

MMA Evergreen at Lewisville, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Lewisville Senior Community, L.P., a Texas limited partnership
(the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of December 1, 2004 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Lewisville Apartments, an apartment complex located in Lewisville, Texas (referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended __________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.
We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.

We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit E

LEWISVILLE SENIOR COMMUNITY, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Lewisville, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $________, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
____________, 20__. 

LIFENET-LEWISVILLE GP, LLC, a Texas 
limited liability company, by LifeNet Community 
Behavioral Healthcare, a Texas non-profit 
corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit F

LEWISVILLE SENIOR COMMUNITY, L.P.

THIRD INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Lewisville Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Evergreen at Lewisville, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $__________, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Two Hundred Seventy (270) Days have passed after the Admission Date.

4. The 75% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto evidencing the accuracy of the representation contained in Section 6.5.8(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
__________, 20__. 

LIFENET-LEWISVILLE GP, LLC, a Texas 
limited liability company, by LifeNet Community 
Behavioral Healthcare, a Texas non-profit 
corporation, its sole member 

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit G

LEWISVILLE SENIOR COMMUNITY, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the "General Partner") of Lewisville Senior Community, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Evergreen at Lewisville, LLC (the "Investor Limited Partner"), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the "Partnership Agreement"), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of an as-built survey for the Project, together with the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of

LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: __________________________
Title: __________________________
Exhibit H

LEWISVILLE SENIOR COMMUNITY, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Lewisville, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Tax Credits and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ____________, 20__.

LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ______________________________________
Name: ____________________________________
Title: _____________________________________
MMA Evergreen at Lewisville, LLC
  c/o MMA Financial TC Corp.
  101 Arch Street, 13th Floor
  Boston, MA 02110

Attention: Asset Management

Re: Lewisville Senior Community, L.P., a Texas limited partnership
  (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership among MMA Evergreen at Lewisville, LLC, a Delaware limited liability company ("MMAF") and other parties dated as of December 1, 2004 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Evergreen at Lewisville Apartments (an apartment complex located in Lewisville, Texas, referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through __________, 20__ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner will be $__________.
We have further determined that 50% or more of the aggregate basis of the buildings and the land on which the buildings are located is financed by an obligation, the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.

In making these determinations, we have assumed that 100% of the apartment units in the Project will be "low-income units" as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit I

LEWISVILLE SENIOR COMMUNITY, L.P.

SIXTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Lewisville, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $_________ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 112% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of

LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ____________________________
Name: __________________________
Title: __________________________
MMA Evergreen at Lewisville, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of December 1, 2004 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Lewisville Apartments (an apartment complex located in Lewisville, Texas referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the _____ months ended __________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of ________ calendar months (and during each individual month) beginning on _________ 20_________ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ________%. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnerhsip Accountants]

By: ________________________________
Exhibit J

LEWISVILLE SENIOR COMMUNITY, L.P.

SEVENTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Lewisville, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 1, 2004 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $_______ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements evidencing the accuracy of the representation contained in Section 6.5 of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 

LIFENET-LEWISVILLE GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: 
Name: 
Title: 
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Lewisville

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

______________________________________________

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Eric

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Boston Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Mesquite, Mesquite Texas
Churchill at Commerce, Commerce Texas
Evergreen at Hulen Bend, Fort Worth, Texas
Evergreen at Lewisville, Lewisville, Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential, Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Lewisville

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
MMA Evergreen at Lewisville, LLC  
c/o Boston Financial Investment Management, LP  
101 Arch Street  
Boston, Massachusetts 02110

January ___, 2019

VIA E-MAIL TRANSMISSION

LifeNet-Lewisville GP, LLC  
1717 Arts Plaza, Suite 2208  
Dallas, TX 75201

Re: Lewisville Senior Community, L.P. – Evergreen at Lewisville, Lewisville, TX

Dear Sir or Madame:

Reference is hereby made to that certain First Amended and Restated Agreement of Limited Partnership of Lewisville Senior Community, L.P., a Texas limited partnership (the “Partnership”), dated as December 1, 2004 (the “Partnership Agreement”), by and among LifeNet-Lewisville GP, LLC, as the General Partner and MMA Evergreen at Lewisville, LLC, as the Investor Limited Partner. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Partnership Agreement.

The General Partner has requested the Consent of the Investor Limited Partner to the Property’s participation in the Texas Department of Housing and Community Affair’s Section 811 Project Rental Assistance Program (the “Section 811 Program”), as required by Section 6.1B(vi) of the Partnership Agreement.

Please be advised that the Investor Limited Partner underwrote and closed its investment in the Partnership and the Property without contemplation of any residential units being subject to the Section 811 Program requirements and without an evaluation of the potential impact of this Section 811 Program on the Property, the Partnership and the Investor Limited Partner. Accordingly, the Investor Limited Partner does not consent to the Partnership’s participation in the Section 811 Program.

Very truly yours,

MMA Evergreen at Lewisville, LLC

By: West Cedar Managing, Limited Partnership, its Manager

By: BFRP-WCM, LLC, its General Partner

By: ____________________________________________

Michael H. Gladstone  
Authorized Agent
TDHCA #04491 Evergreen at Keller

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Keller

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: Hunt LIHTC Holdings, LLC

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 30-32 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP

Dated as of January 1, 2005
# TABLE OF CONTENTS

ARTICLE I DEFINED TERMS ................................................................. 1

ARTICLE II CONTINUATION; NAME; AND PURPOSE ................................. 18

  Section 2.1. Continuation ............................................................... 18
  Section 2.2. Name and Office; Agent for Service .............................. 18
  Section 2.3. Purpose ................................................................. 18
  Section 2.4. Authorized Acts ......................................................... 18

ARTICLE III TERM AND DISSOLUTION ................................................. 20

ARTICLE IV PARTNERS; CAPITAL ....................................................... 20

  Section 4.1. General Partners ....................................................... 20
  Section 4.2. Limited Partners ..................................................... 21
  Section 4.3. Partnership Capital and Capital Accounts ...................... 21
  Section 4.4. Withdrawal of Capital .............................................. 22
  Section 4.5. Liability of Limited Partners ..................................... 22
  Section 4.6. Additional Limited Partners ...................................... 22
  Section 4.7. Agreement to be Bound by Documents ........................... 22

ARTICLE V CAPITAL CONTRIBUTIONS OF INVESTOR LIMITED PARTNER ........... 23

  Section 5.1. Installments of Capital Contributions ............................ 23
  Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner .... 24
  Section 5.3. Repurchase of Investor Limited Partner’s Interest ............... 26
  Section 5.4. Default of Investor Limited Partner ................................ 28
  Section 5.5. Redemption of Partnership Interest ................................ 30

ARTICLE VI RIGHTS, POWERS AND DUTIES OF THE GENERAL PARTNERS ........... 30

  Section 6.1. Restrictions on Authority .......................................... 30
  Section 6.2. Tax Matters Partners .............................................. 32
  Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner .................................................. 33
  Section 6.4. Duties and Obligations of the General Partners and Class B Limited Partner ............................................................ 35
  Section 6.5. Representations, Warranties and Covenants; Certain Indemnities .... 38
  Section 6.6. Indemnification ....................................................... 43
  Section 6.7. Liability of General Partners to Limited Partners ................ 44
  Section 6.8. Certain Obligations of the Developer ............................. 45
  Section 6.9. Obligation to Provide for Operating Expenses .................... 45
  Section 6.10. Certain Payments to the General Partners and Affiliates ........ 46
  Section 6.11. Joint and Several Obligations .................................... 47
  Section 6.12. Reserve Accounts ................................................... 47
ARTICLE VII WITHDRAWAL OF A GENERAL PARTNER; NEW GENERAL PARTNERS

Section 7.1. Voluntary Withdrawal
Section 7.2. Obligation to Continue
Section 7.3. Successor General Partner
Section 7.4. Interest of Predecessor General Partner
Section 7.5. Designation of New General Partners
Section 7.6. Amendment of Certificate; Approval of Certain Events
Section 7.7. Removal of the General Partner

ARTICLE VIII TRANSFER OF LIMITED PARTNER INTERESTS

Section 8.1. Right to Assign
Section 8.2. Substitute Limited Partners
Section 8.3. Assignees
Section 8.4. Voluntary Withdrawal of the Class B Limited Partner
Section 8.5. Removal of the Class B Limited Partner

ARTICLE IX LOANS; MORTGAGE REFINANCING; PROPERTY DISPOSITION

Section 9.1. General
Section 9.2. Refinancing and Sale
Section 9.3. Sales Commissions

ARTICLE X PROFITS, LOSSES AND DISTRIBUTIONS

Section 10.1. Distributions Prior to Dissolution
Section 10.2. Distributions Upon Dissolution
Section 10.3. Profits, Losses and Tax Credits
Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset
Section 10.5. Special Provisions

ARTICLE XI MANAGEMENT AGENT

Section 11.1. Management Agent
Section 11.2. Special Power of Attorney

ARTICLE XII BOOKS AND REPORTING, ACCOUNTING, TAX ELECTION, ETC.

Section 12.1. Books, Records and Reporting
Section 12.2. Bank Accounts
Section 12.3. Elections
Section 12.4. Special Adjustments
Section 12.5. Fiscal Year

ARTICLE XIII GENERAL PROVISIONS

Section 13.1. Notices
Section 13.2. Word Meanings
Section 13.4. Applicable Law
Section 13.5. Counterparts
KELLER SENIOR COMMUNITY, L.P.

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
dated as of January 1, 2005 among LIFENET-KELLER GP, LLC, a Texas limited liability
compact, as General Partner; MMA SPECIAL LIMITED PARTNER, INC., a Florida
corporation, as Special Limited Partner; MMA EVERGREEN AT KELLER, LLC, a Delaware
limited liability company, as Investor Limited Partner; CHURCHILL RESIDENTIAL, INC., a
Texas corporation as Class B Limited Partner, and BRADLEY E. FORSLUND as Original (and
Withdrawing) Limited Partner.

Preliminary Statement

The Partnership was formed as a limited partnership under the Uniform Act pursuant to
an Agreement of Limited Partnership dated as of October 7, 2004 (the “Original Partnership
Agreement”) and a Certificate of Limited Partnership dated as of October 7, 2004 (the
“Certificate”) filed with the Office of the Secretary of State of the State of Texas (the “Filing
Office”) on October 12, 2004.

The purposes of this amendment to, and restatement of, the Original Partnership
Agreement are to (i) admit the Investor Limited Partner, the Special Limited Partner, and the
Class B Limited Partner as Partners; (ii) to provide for the withdrawal of the Original Limited
Partner as Limited Partner; and (iii) to set out more fully the rights, obligations and duties of the
Partners.

Now, therefore, it is agreed and certified, and the Original Partnership Agreement is
hereby amended and restated in its entirety, as follows:

ARTICLE I

Defined Terms

The defined terms used in this Agreement shall have the meanings specified below:

“Accountants” means Novogradac and Company or any other firm of certified public
accountants as may be engaged by the General Partners with the Consent of the Investor Limited
Partner.

“Act” means the National Housing Act, as amended from time to time.

“Adjusted Aggregate Federal Tax Credit Amount” means the product of (i) 99.98% and
(ii) the aggregate amount of Federal Tax Credits that is determined by the Accountants, at Cost
Certification, to be available to the Property (and is reflected in the final IRS Form(s) 8609 for
the Property) for the entire Credit Period, as such amount may be increased or decreased as a
result of a subsequent determination by the Accountants, a Final Determination or a Recapture
Event.

“Adjustment Fraction” means a fraction separately determined as to each Fiscal Year,
the numerator of which shall be the Consumer Price Index most recently published before the
end of such Fiscal Year, and the denominator of which shall be the Consumer Price Index most recently published prior to the Admission Date.

"Admission Date" means the date on which the Investor Limited Partner is admitted to the Partnership pursuant to Section 13.8.

"Adverse Consequences" means (i) all damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees, including court costs and reasonable attorneys’ fees and expenses actually paid by the party suffering the Adverse Consequences in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, and rulings and (ii) the costs of any fees or other compensation reasonably necessary to a third party in connection with replacement of a General Partner.

"Affiliate" or "Affiliated Person" means, when used with reference to a specified Person: (i) any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an officer of, partner in, or trustee of, or serves in a similar capacity with respect to the specified Person or of which the specified Person is an officer, partner, or trustee, or with respect to which the specified Person serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of, or controls, 10% or more of any class of equity securities of, or otherwise has a substantial beneficial interest (10% or more) in, the specified Person, or of which the specified Person is directly or indirectly the owner of 10% or more of any class of equity securities, or in which the specified Person has a substantial beneficial interest (10% or more); and (iv) any relative or spouse of the specified Person.

"Agreement" means this First Amended and Restated Agreement of Limited Partnership, as amended from time to time.

"Arbitration" has the meaning given it in Section 13.7D and shall be conducted in the manner therein provided.

"Appraised Value" means, as of the Determination Date, the estimated fair market value of an asset determined by Independent Appraisers in accordance with the procedures set forth in Section 7.7F. In determining the Appraised Value of the real estate comprising the Property, such Independent Appraisers shall take into account the rent and occupancy restrictions affecting the Project which are set forth in the Code or in the Project Documents, as well as any increase in real estate taxes which is triggered by the removal of a General Partner.

"Assignment" shall mean any assignment, transfer or sale, and the words "assign," "assignee" and "assignor" shall have correlative meanings, except in each case where the sense of this Agreement requires a different construction.

"Bond Documents" means the Indenture, the Bonds, the Bond Loan Agreement, and all other documents and instruments executed and delivered in connection with the issuance and sale of the Bonds.
"Bond Lender" means Tarrant County Housing Finance Corporation, as maker of the Bond Loan, together with its successors and assigns in such capacities.

"Bond Loan" means the loan in the amount of up to $13,200,000, to be made by the Bond Lender pursuant to the terms of the Bond Documents which will bear interest at a rate set forth in the Bond Documents and which will mature on February 1, 2049.

"Bond Loan Agreement" means the Loan and Financing Agreement dated as of January 1, 2005 to be entered into by and between the Partnership and the Bond Lender relating to the disbursement of the Bond Loan.

"Bond Documents" means the Bond Loan Agreement, the Bond Loan Note, the Bond Mortgage, the Regulatory Agreement, and any other documents delivered by the Partnership in connection with the Bond Loan, as the same may be amended from time to time.

"Bond Loan Note" means the promissory note in the amount of $13,200,000 entered into by the Partnership evidencing the Bond Loan.

"Bond Mortgage" means collectively, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement entered into by the Partnership in favor of the Bond Lender to secure the Bond Loan.

"Bonds" means the $13,200,000 Tarrant County Housing Finance Corporation Multifamily Housing Revenue Bonds (Evergreen at Keller Senior Apartments Project) Series 2005.

"Breakeven" means the first day following a period of three consecutive calendar months commencing on or after Final Closing during each of which, as determined by the Accountants, the Project has produced income (other than rental subsidies) actually received by the Partnership on a cash basis from normal operations plus rental subsidies on an accrual basis at least equal to all cash requirements of the Project on an accrual basis (not including distributions to Partners out of Cash Flow but including all debt service at the greater of actual levels or the levels in effect following Permanent Mortgage Commencement, whether or not Permanent Mortgage Commencement shall have occurred, real estate taxes, assuming full assessment and reserve requirements imposed upon the Project by the Project Documents or this Agreement) and, on an annualized basis, all projected expenditures, including those of a seasonal nature, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation. If free rent or other rental concessions shall have been granted to tenants, the calculation of income pursuant to the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which it applies.

"Builder" means collectively, ICI Construction, Inc. as the subcontractor and LifeNet Community Behavioral Healthcare, as the contractor, and their successors.

"Building Permits" means any and all building permits needed to construct all of the Buildings constituting the Project in the manner set forth in the approved plans and specifications.
"Buildings" means the buildings to be located on the Land which, in the aggregate, will contain 250 dwelling units for the elderly upon completion of construction.

"Capital Account" means, with respect to any Partner, the Capital Account maintained by the Partnership with respect to such Partner, consisting of (i) the amount of cash such Partner has contributed to the Partnership plus (ii) the fair market value of any property such Partner has contributed to the Partnership net of liabilities assumed by the Partnership or to which such property is subject plus (iii) the amount of profits and tax-exempt income allocated to such Partner less (iv) the amount of losses allocated to such Partner less (v) the amount of all cash distributed to such Partner less (vi) the fair market value of any property distributed to such Partner net of liabilities assumed by such Partner or to which such property is subject less (vii) such Partner's share of any other expenditures which are not deductible by the Partnership for federal income tax purposes or which are not allowable as additions to the basis of Partnership property, and subject to such other adjustments as may be required under the Code.

"Capital Contribution" means the total amount of cash, and fair market value of property other than cash, contributed or agreed to be contributed to the Partnership by each Partner as shown in the Schedule. Any reference in this Agreement to the Capital Contribution of a then Partner shall include a Capital Contribution previously made by any prior Partner in respect to the Partnership interest of such then Partner. The term "Capital Contribution" shall include any Special Capital Contribution.

"Capital Transaction" means any transaction the proceeds of which are not includable in determining Cash Flow, including without limitation the sale, refinancing or other disposition of all or substantially all of the assets of the Partnership, but excluding loans to the Partnership (other than a refinancing of any Mortgage Loan) and contributions of capital to the Partnership by the Partners.

"Cash Available for Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, the excess of (i) all Cash Receipts over (ii) all cash requirements of the Partnership properly allocable to such period of time on an accrual basis (not including distributions to Partners out of Cash Flow of the Partnership and Incentive Management Fees) and, on an annualized basis, all projected expenditures, including those of a seasonal nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, as determined by the Accountants but specifically excluding Debt Service Requirements. For purposes of this definition, (i) cash requirements of the Partnership shall include to the extent not otherwise covered above, full funding of reserves, normal repairs and necessary capital improvements and (ii) if free rent or other rental concessions shall have been granted to tenants, the calculation of rental revenues under clause (i) of the preceding sentence shall be adjusted so that the effect of such concessions is amortized equally over the term of all leases (excluding renewal periods) to which they apply.

"Cash Flow" means the excess of Cash Receipts over Operating Expenses. Cash Flow shall be determined separately for each Fiscal Year or portion thereof.

"Cash Receipts" means with respect to a Fiscal Year or other applicable period, all rental revenue, laundry revenue, parking revenue, and other incidental revenues which are received by
the Partnership on a cash basis during such period and arise from normal operations of the Project but specifically excluding interest on Partnership reserves, proceeds from insurance (other than business income and extra expense insurance or business income rental value insurance), loans, proceeds of a Capital Transaction or Capital Contributions. In addition, any amount released without restriction from any escrow account in a Fiscal Year shall be considered a cash receipt of the Partnership for such Fiscal Year.

"Certificate" means the certificate of limited partnership of the Partnership under the Uniform Act, as amended from time to time in accordance with the terms hereof and the Uniform Act.

"Class B Limited Partner" means Churchill Residential, Inc., a Texas corporation.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury Regulations promulgated thereunder at the time of reference thereto.

"Completion Date" means the latest of: (i) the date on which the Investor Limited Partner shall have received copies of all requisite certificates or permits permitting occupancy of 100% of the apartment units in the Project as issued by each Governmental Agency having jurisdiction; provided, however, that if such certificates or permits are of a temporary nature, the "Completion Date" shall not be deemed to have occurred unless that work remaining to be done is of a nature which would not impair the permanent occupancy of any of such apartment units; or (ii) the date of delivery to the Investor Limited Partner of an "as-built" survey sufficient to allow delivery of a date-down endorsement to the Title Policy without a survey exception and otherwise in compliance with the requirement of Section 6.5A(viii); or (iii) the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is substantially complete. Any representation by any General Partner under this Agreement that the Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property; provided, however, that in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received any such General Partner's representation, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Compliance Period" means the period described in Section 42(i) of the Code.

"Consent of the Investor Limited Partner" means the prior written consent or approval of the Investor Limited Partner, or, if at any time there is more than one Investor Limited Partner, the prior written consent or approval of at least 51% in interest of the Investor Limited Partners.

"Construction Contract" means the construction contract between the Partnership and the Builder providing for the construction of the Improvements.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers, All Cities, for All Items (base 1982-84 = 100) published by the United States Bureau of Labor Statistics. In the event such index is not in existence when any determination relying on such index under this Agreement is to be made, the most comparable governmental index published in lieu thereof shall be substituted therefor.
"Contingent Guarantor" means Churchill Residential, Inc., a Texas corporation.

"Contingent Guaranty Agreement" means the guaranty of even date herewith, made by the Contingent Guarantor in favor of the Investor Limited Partner.

"Cost Certification" means the submission to, and acceptance by, the Credit Agency of a certified audit by the Accountants of the Partnership's development and related costs for purposes of establishing the amount of Federal Tax Credits available to the Project.

"Credit Agency" means the Texas Department of Housing and Community Affairs.

"Credit Approval" means the written determinations to be issued pursuant to Sections 42(m)(1)(D) and 42(m)(2)(D) of the Code approving low-income housing tax credits for the Project in an amount of not less than $557,245.

"Credit Period" means the entire period during which the "credit period" described in Section 42(f)(1) shall be applicable to any Building.

"Cumulative Priority Distribution" means, as of a point in time, the amount, on a cumulative basis, of the Priority Distribution to which the Investor Limited Partner shall become entitled hereunder.

"Debt Service Coverage Ratio" means, for any period of three (3) consecutive calendar months beginning not earlier than the Final Closing, a fraction, the numerator of which is the Cash Available for Debt Service Requirements with respect to such period and the denominator of which is the Debt Service Requirements for such period. The achievement by the Partnership of a specified Debt Service Coverage Ratio shall be confirmed by the Accountants and shall be subject to independent confirmation by the Investor Limited Partner pursuant to a physical inspection of the Property for the purpose of confirming that the Property is in good condition and repair (ordinary wear and tear excepted); provided, however, that (i) no objection by the Investor Limited Partner to the determination of the Accountants based on its physical inspection of the Property shall be valid unless the General Partners are notified of such objection, and the specific reasons therefor, within seven (7) business days following the completion of such inspection and (ii) in the event that the Investor Limited Partner does not make such physical inspection of the Property within ten (10) business days after having received the Accountants' determination letter, then the Investor Limited Partner will be deemed to have waived the physical inspection requirement.

"Debt Service Requirements" means, for any period of three (3) consecutive months beginning not earlier than Final Closing, all debt service, mortgage insurance premium and/or other cash requirements imposed by the Mortgage Loan Documents (including without limitation recurring fees associated with the Bonds or any credit enhancement relating thereto) or any other indebtedness properly allocable to such period of time on an annualized accrual basis as determined by the Accountants.

"Deferred Development Fee" has the meaning attributed thereto in the Development Agreement.
"Designated Prime Rate" means the annual rate of interest which is at all times equal to the lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable publication selected by the Investor Limited Partner in its reasonable discretion if the Wall Street Journal ceases to publish such index) plus 1%, with calculations of interest to be made on a daily basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed by law.

"Designated Proceeds" means the proceeds of the Mortgage Loans, any net rental or other miscellaneous income of the Partnership as of the Completion Date (to the extent not otherwise covered by this Designated Proceeds definition) which is permitted by any applicable Lender or Governmental Agency to be utilized for Development Costs, the Capital Contributions (excluding any Special Capital Contributions and Capital Contributions of the General Partners in excess of the amounts permitted under Section 4.1), and any insurance proceeds arising out of casualties prior to the Development Obligation Date.

"Determination Date" means the last day of the month preceding the month in which the Removal Notice Date occurs.

"Developer" means Churchill Communities, L.P., a Texas limited partnership.

"Development Advances" has the meaning set forth in the Development Agreement.

"Development Agreement" means the Development Agreement dated of even date herewith between the Partnership and the Developer, as amended.

"Development Amount" has the meaning attributed thereto in the Development Agreement.

"Development Costs" means all costs (including the Development Amount net of the Deferred Development Fee) incurred to (i) acquire the Land, (ii) complete the construction of the Improvements or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and equip the Improvements or cause the same to be equipped, all substantially in accordance with the Project Documents and the drawings and specifications forming a part of the Construction Contract, (iii) arrive at Final Closing in substantial conformity with the Project Documents, (iv) discharge all Partnership liabilities and obligations arising out of any casualty giving rise to the receipt of insurance proceeds, (v) pay or provide for all other payments, expenses, escrows or reserves required by any Lender, Governmental Agency or Partnership creditor to be made, incurred or funded through the Development Obligation Date (other than Operating Expenses incurred through the Development Obligation Date and reserves which are to be funded from other sources) and (vi) pay all Environmental Compliance Costs and all costs associated with the performance of any radon remediation activities which may be required pursuant to Section 12.1J.

"Development Obligation Date" means the latest of (i) the first anniversary of the Completion Date, (ii) Final Closing, (iii) achievement of Breakeven for a period of three (3) consecutive calendar months, or (iv) delivery of the Certificate of Achievement of Development Obligation Date in the form attached hereto as Exhibit D.
"Document Schedule" means the Schedule of Documents attached hereto as Exhibit B.

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2.

"Election Notice" has the meaning given to it in Section 5.3B.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code.

"Eligible Development Costs" means Development Costs which are includable in Eligible Basis, as determined by the Accountants.

"Entity" means any general partnership, limited partnership, limited liability company or partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Compliance Costs" means all costs necessary to bring the Land and the Project into compliance with all Hazardous Waste Laws.

"Environmental Reports" means that certain Phase I Environmental Site Assessment prepared by Rone Engineers, Ltd. dated September 9, 2004 and that certain Geotechnical Exploration prepared by Alpha Testing, Inc. dated September 10, 2004.

"Event of Bankruptcy" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the failure of such Person generally to pay his debts as such debts become due, or the taking of action by such Person in furtherance of any of the foregoing.

"Extended Use Agreement" means the agreement to be entered into between the Credit Agency and the Partnership as required by the Credit Agency respecting long-term use restrictions and satisfying all of the requirements of Section 42(h)(6) of the Code.
"Facility" shall have the meaning given to it in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended, and shall also include any meaning given to analogous property under other Hazardous Waste Laws.

"Federal Tax Credit Shortfall Payment" has the meaning provided in Section 5.2C.

"Federal Tax Credits" means the tax credits for which the Project is eligible under Section 42 of the Internal Revenue Code.

"50% Completion Date" means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 50% complete. Any representation by any General Partner under this Agreement that the 50% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

"Final Closing" means the date upon which all of the following events have occurred: (i) the Completion Date, (ii) Permanent Mortgage Commencement, (iii) the Project's being free of any mechanics' or other liens (except for the Mortgages and liens either bonded against in such a manner as to preclude the holder thereof from having any recourse to the Project or the Partnership for payment of any debt secured thereby or affirmatively insured against (in such manner as precludes recourse to the Partnership for any loss incurred by the insurer) by the Title Policy or by another policy of title insurance issued to the Partnership by a reputable title insurance company in an amount satisfactory to Investor Tax Counsel (or by an endorsement of either such title policy)), (iv) the completion by the Accountants of a certified audit of the Partnership's and the Builder's construction costs as a part of cost certification to the extent required by the Lenders and the Governmental Agency, (v) the agreement and acceptance of such cost certification by the Lenders and the Governmental Agency to the extent required by the Lenders and the Governmental Agency, (vi) all amounts due in connection with the construction of the Project have been paid or provided for, and (vii) the full funding of any reserves required under the Mortgage Loan Documents, the Bond Documents and this Agreement.

"Final Determination" means the earliest to occur of (i) the date on which a decision, judgment, decree or other order has been issued by any court of competent jurisdiction, which decision, judgment, decree or other order has become final (i.e., all allowable appeals requested by the parties to the action have been exhausted), (ii) the date on which the Service has entered into a binding agreement with the Partnership with respect to such issue or on which the Service has reached a final administrative determination with respect to such issue which, whether by
law or agreement, is not subject to appeal, (iii) the date on which the time for instituting a claim for refund has expired, or if a claim was filed the time for instituting suit with respect thereto has expired, or (iv) the date on which the applicable statute of limitations for raising an issue regarding a federal income tax matter with respect to the Partnership has expired.

"Fiscal Year" means the twelve (12)-month period which begins on the first day of January and ends on the thirty-first day of December of each calendar year (or ends on the date of final dissolution for the year in which the Partnership is wound up and dissolved).

"Fleet Pledge" has the meaning attributed thereto in Section 8.1D.

"General Partners" means any Person or Persons designated as a General Partner in the Schedule or any Person who becomes a General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership. If at any time the Partnership shall have a sole General Partner, the term "General Partners" shall be construed as singular.

"Governmental Agency" means, as applicable, the Credit Agency, and/or any other government agency having jurisdiction over the particular matter to which reference is being made.

"Guarantor" means LHTE Equipment, LLC, a Texas limited liability company.

"Guaranty Agreement" means the guaranty as of January 1, 2005, made by the Guarantor in favor of the Investor Limited Partner.

"Hazardous Material" means and includes any pollutant or contaminant or any hazardous, toxic or radioactive waste, substance or material, including without limitation those listed in or regulated under any Hazardous Waste Laws, polychlorinated biphenyls, petroleum, petroleum-based or petroleum-derived products, mold, and asbestos or asbestos-containing materials.

"Hazardous Waste Laws" means and includes the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; the Resource Conservation and Recovery Act; the Toxic Substances Control Act and any other federal, state or local statutes, ordinances, regulations or by-laws dealing with Hazardous Material, as the same may be amended from time to time and including any regulations promulgated thereunder.

"Improvements" means the Buildings and any related facilities to be constructed and/or rehabilitated in accordance with the Project Documents.

"Incentive Management Agreement" means the Incentive Management Agreement of even date herewith between the Partnership and the Supervisory Management Agent pursuant to which the Supervisory Management Agent is to provide certain supplemental management services with respect to the Project.

"Incentive Management Fee" means the fee payable to the Supervisory Management Agent under the Incentive Management Agreement for its services thereunder.
“Indenture” means the Trust Indenture dated as of January 1, 2005 by and between the Bond Lender and the Trustee.

“Independent Appraiser” means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Partnership, which is mutually acceptable to the General Partner, Special Limited Partner and Class B Limited Partner and which satisfies the following criteria:

(i) such firm is not a Partner, or an Affiliate of the Partnership or any Partner;

(ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least ten (10) years;

(iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such firm;

(iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and

(v) such firm renders an appraisal to the Partnership only after entering into a contract that specifies the compensation payable for such appraisal.

“Inspecting Architect” means GTF Design Associates, Inc., or any successor to such firm.


“Interest,” or words of like import, shall mean all the interest of a Partner in Cash Flow and other distributions, capital, profits and losses, tax credits, and otherwise in the Partnership, including all allocations and distributions and all rights under this Agreement, and also shall include such interests and rights of such Partner in any successor partnership formed pursuant to this Agreement.

“Investment Assumptions” means the financial schedules and underlying assumptions listed as the Investment Assumptions on the Document Schedule.

“Investment Closing” means the date of delivery of this Agreement.

“Investor Limited Partner” means MMA Evergreen at Keller, LLC, a Delaware limited liability company and shall include any other Persons admitted as an Investor Limited Partner pursuant to Section 4.6, or admitted as a Substitute Limited Partner as provided in Section 8.1D, and their respective successors in such capacity.
“Investor Tax Counsel” means Holland & Knight LLP, of Boston, Massachusetts, or other counsel acceptable to the Investor Limited Partner.

“Land” means the parcels of land on which the Improvements are located in Keller, Texas, as described in the Mortgage.

“Lease-Up Reserve” means the lease-up fund, as required under the terms of the Indenture.

“Lender” means any Person that lends monies to the Partnership.

“Limited Partner” or “Limited Partners” mean any or all of those Persons designated as Limited Partners in the Schedule, any Person admitted as a Limited Partner pursuant to Section 4.6, or any Person who becomes a Substitute Limited Partner as provided herein, in each such Person's capacity as a Limited Partner of the Partnership. Such terms shall include the Special Limited Partner, the Investor Limited Partner and any Persons who may succeed to the Interests of such Limited Partners.

“Low Income Unit” means any of the 250 dwelling units for the elderly in the Project which are to be held for occupancy by the Partnership in such manner as to qualify such units as qualified low-income housing units under Section 42(i)(3) of the Code.

“Management Agent” means Alpha-Barnes Real Estate Services, in its capacity as such, or any successor thereto engaged by the General Partners as the management agent for the Project with the Consent of the Investor Limited Partner.

“Management Agreement” means the management contract or agreement by and between the Partnership and the Management Agent which has received all Requisite Approvals.

“Management Fee” means the amount payable from time to time by the Partnership to the Management Agent for management services in accordance with the Management Agreement which shall be subject to any Requisite Approvals.

“Managing General Partner” means any Managing General Partner designated as provided in Section 6.3B.

“Material Default” has the meaning set forth in Section 7.7B.

“MMA” means MMA Financial TC Corp., a Delaware corporation, and its successors.

“Mortgage” means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, and “foreclose” and words of like import include the exercise of a power of sale under a mortgage or comparable remedies.

“Mortgage Loan” means the Bond Loan.

“Mortgage Loan Commitment” means the commitment of the Bond Lender to make the Bond Loan of up to $13,200,000.
“Mortgage Loan Documents” means the Bond Documents.

“Net Capital Contribution” means $4,847,000.

“Note” means and includes any promissory note from the Partnership to a Lender evidencing indebtedness, and shall also mean and include any promissory note supplemental to said original promissory note issued to a Lender or any promissory note issued to a Lender in substitution for any such original promissory note.

“Operating Expense Loan” means a loan to the Partnership pursuant to Section 6.9A which is repayable with interest and only as provided in Article X.

“Operating Expenses” means (i) up to and including the Development Obligation Date, those expenses, properly allocable through such date which may be properly charged as operating expenses of the Project under standard accounting procedures and which are allocable, in accordance with generally accepted accounting principles, to apartment units for which all requisite approvals for occupancy have been obtained; such operating expenses may include real estate taxes and debt service and mortgage insurance premiums, if any, with respect to the Mortgage Loan (to the extent such operating expenses are not funded out of Designated Proceeds), but shall not include any costs required to be capitalized in accordance with generally accepted accounting principles; and (ii) after the Development Obligation Date, all the costs and expenses of any type incurred incidental to the ownership and operation of the Project, including, without limitation, taxes, capital improvements reasonably deemed necessary by the General Partners and not funded out of any reserves for such, mortgage and bond insurance premiums, if any, and the cost of operations, debt service, maintenance and repairs, and the funding of any reserves required to be maintained by any Lender or Governmental Agency or pursuant to this Agreement, but shall not include (i) repayments of Operating Expense Loans made pursuant to Section 6.9A or Working Capital Loans pursuant to Section 6.9B or (ii) distributions to Partners pursuant to Article X.

“Operating Reserves” means collectively (i) the operating reserve in the amount of $250,000 and (ii) the operating reserve in the amount of $505,000 to be established pursuant to Section 6.12B.

“Other Development Costs” means (i) the cost of acquiring the Land and (ii) Development Costs which are not Eligible Development Costs.

“Partner” means any General Partner or Limited Partner.

“Partner Nonrecourse Debt” means any Partnership liability (i) that is considered non-recourse under Treasury Regulation Section 1.1001-2 or for which the creditor’s right to repayment is limited to one or more assets of the Partnership and (ii) for which any Partner or Related Person bears the Economic Risk of Loss.

“Partner Nonrecourse Debt Minimum Gain” means the amount of partner nonrecourse debt minimum gain and the net increase or decrease in partner nonrecourse debt minimum gain determined in a manner consistent with Treasury Regulation Sections 1.704-2(d), 1.704-2(g)(3) and 1.704-2(k).
“Partnership” means the limited partnership governed by this Agreement as said limited partnership may from time to time be constituted.

“Partnership Counsel” means Coats, Rose, Yale, Ryman & Lee of Houston, Texas or such other counsel as the General Partners may designate from time to time as counsel for the Partnership.

“Partnership Minimum Gain” means the amount determined by computing, with respect to each Partnership Nonrecourse Liability, the amount of gain, if any, that would be realized by the Partnership if it disposed of (in a taxable transaction) the property subject to such liability in full satisfaction of such liability, and by then aggregating the amounts so computed. Such computations shall be made in a manner consistent with Treasury Regulation Sections 1.704-2(d) and 1.704-2(k).

“Partnership Nonrecourse Liability” means any Partnership liability (or portion thereof) for which no Partner or Related Person bears the Economic Risk of Loss.

“Payment Certificate” has the meaning given it in Section 5.1B(i).

“Permanent Loan” means the Bond Loan.

“Permanent Mortgage Commencement” means the date on which the full amount of the Bond Loan has been advanced to the Partnership, and principal payments to Trustee on the Bond Loan have commenced as required under the Indenture.

“Person” means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

“Priority Distribution” means, as to any Fiscal Year of the Partnership, the product of the “Applicable Amount” times the Adjustment Fraction determined in accordance with the following sentence. The “Applicable Amount” shall be zero until the Completion Date and $7,500 per annum (pro rated for periods of less than a full Fiscal Year during which such Applicable Amount shall apply) thereafter.

“Project” or “Property” means the Land and the Improvements.

“Project Documents” means and includes this Agreement, the Construction Contract, the Guaranty Agreement, the Mortgage Loan Documents, the Credit Approval, the Tax Credit Application, the Extended Use Agreement, the Development Agreement, any Regulatory Agreement, the Management Agreement, and all other documents relating to the Project which are required by, or have been executed in connection with, any of the foregoing documents.

“Projected Aggregate Federal Tax Credit Amount” means $5,571,340 which is the product of (i) 99.98% and (ii) the aggregate amount of Federal Tax Credits available to the Property during the Credit Period, as reflected in the Investment Assumptions. If, following any determination or redetermination of the Adjusted Aggregate Federal Tax Credit Amount pursuant to Section 5.2A, such amount is different than the Projected Aggregate Federal Tax Credit Amount, then, for purposes of any subsequent application of Section 5.2A, the term
"Projected Aggregate Federal Tax Credit Amount" shall mean the Adjusted Aggregate Federal Tax Credit Amount, provided that any required adjustment(s), payment(s) or Federal Tax Credit Shortfall Payments have been made pursuant to the provisions of Section 5.2 on account of such difference.

"Qualified Income Offset Item" means (i) an allocation of loss or deduction that, as of the end of each year, reasonably is expected to be made (a) pursuant to Section 704(e)(2) of the Code to a donee of an interest in the Partnership, (b) pursuant to Section 706(d) of the Code as the result of a change in any Partner's interest in the Partnership, or (c) pursuant to Regulation Section 1.751-1(b)(2)(ii) as the result of a distribution by the Partnership of unrealized receivables or inventory items and (ii) a distribution that, as of the end of such year, reasonably is expected to be made to a Partner to the extent it exceeds offsetting increases to such Partner's Capital Account which reasonably are expected to occur during or prior to the Partnership taxable year in which such distribution reasonably is expected to occur.

"Qualified Tenant" means a tenant (i) with income not exceeding the percentage of area gross median income set forth in Section 42(g)(l)(A) or (B) of the Code (whichever is applicable) who leases an apartment unit in the Project under a lease having an original term of not less than twelve (12) months at a rent not in excess of that specified in Section 42(g)(2) of the Code, and (ii) complying with any other requirements imposed by the Project Documents.

"Recapture Event" means an event, as evidenced by a determination thereof by the Accountants or as a result of a Final Determination, which results in a recapture with respect to all or any portion of the Partnership's Federal Tax Credits under Section 42(j) of the Code or other applicable provisions of law and/or which results in a disallowance of any Federal Tax Credits previously claimed by the Partnership.

"Regulations" means the rules and regulations of any Governmental Agency which are applicable to the Project or the Partnership.

"Regulatory Agreement" means the Regulatory Agreement and Declaration of Restrictive Covenants, any regulatory agreements, affordability restrictions, restrictive covenants or other similar documents entered into or to be entered into between or by the Partnership and/or for the benefit of any Lender or Governmental Agency with respect to the Project, as amended from time to time.

"Related Agreements" means each agreement, report, assessment, statement and certificate referred to in the Document Schedule.

"Related Person" has the meaning set forth in Treasury Regulation Section 1.752-4(b) or any successor regulation thereto.

"Removal Notice" shall have the meaning set forth in Section 7.7.

"Removal Notice Date" shall have the meaning set forth in Section 7.7.

"Replacement Reserve" means the replacement reserve in the amount of $200 per unit per year to be established pursuant to Section 6.12A.
“Requisite Approvals” means any required approvals of the Lender and each Governmental Agency to an action proposed to be taken by the Partnership.

“Retirement” (including the forms “Retire” and “Retired”) means, as to a General Partner, and shall be deemed to have occurred automatically upon, the occurrence of death, adjudication of insanity or incompetence, Event of Bankruptcy, dissolution or voluntary or involuntary withdrawal from the Partnership for any reason. Involuntary withdrawal shall occur whenever a General Partner may no longer continue as a General Partner by law, death, incapacity or pursuant to any terms of this Agreement. A General Partner which is a limited liability entity corporation or partnership also will be deemed to have Retired upon the sale or other disposition of a controlling interest in a limited liability or corporate General Partner or of a general partner interest in a General Partner which is a partnership. Without limitation of the foregoing, any event occurring as to an individual or corporate general partner of a General Partner which is a partnership or of a managing member or partner of a General Partner which is a limited liability company or partnership which would constitute a Retirement as to an individual, corporate or limited liability General Partner as provided above, shall also be deemed to constitute the Retirement of any such General Partner which is a partnership or limited liability entity. For purposes of this definition, “controlling interest” shall mean the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Schedule” means the Schedule of Partners annexed hereto as Exhibit A as amended from time to time and as so amended at the time of reference thereto.

“Service” means the Internal Revenue Service.

“Servicing Agent” means the entity acting from time to time in such capacity with respect to the Bonds, initially MuniMae Portfolio Services, LLC, a Maryland limited liability company.

“75% Completion Date” means the date as of which the Inspecting Architect certifies that the work to be performed by the Builder under the Construction Contract is 75% complete. Any representation by any General Partner under this Agreement that the 75% Completion Date has occurred shall be subject to confirmation by the Investor Limited Partner pursuant to its physical inspection of the Property; provided, however, that (i) no objection by the Investor Limited Partner based on its physical inspection of the Property shall be valid unless the General Partner is notified of such objection in writing, and the specific reason therefor, within three (3) business days following the completion of the inspection and (ii) the Investor Limited Partner shall make its physical inspection on the same day and at the same time that the Inspecting Architect is making its inspection of the Property, and provided, that the Investor Limited Partner has received prior notice of such scheduled inspection at least five (5) business days in advance. In the event that the Investor Limited Partner does not make its physical inspection of the Property within five (5) business days after having received such notice, then the Investor Limited Partner will be deemed to have waived the physical inspection.

“SLP” means MMA Special Limited Partner, Inc., a Florida corporation.
"Special Capital Contribution" means a capital contribution described in and made pursuant to Section 4.1B and 6.9A.

"Special Endorsements" means non-imputation, comprehensive, contiguity (if the Land consists of more than one parcel), access, zoning (including any applicable parking provisions), Fairways, blanket easement, subdivision, survey, separate tax lot and any other endorsements reasonably requested by the Special Limited Partner to the extent available in the State, each in a form reasonably acceptable to the Special Limited Partner.

"Special Limited Partner" means SLP as Special Limited Partner and its successors in such capacity.

"State" means the State of Texas.

"Substitute Limited Partner" means any Person who is admitted to the Partnership as a Limited Partner under the provisions of Section 8.1D or 8.2.

"Supervisory Management Agent" means LifeNet-Keller GP, LLC, a Texas limited liability company, and Churchill Communities, L.P., a Texas limited partnership, in their capacity as such.

"Tax Credit Application" means the application submitted to the Credit Agency to obtain the Credit Approval, as amended from time to time, including all documentation submitted to the Credit Agency concurrently therewith or pursuant thereto.

"Tax Credit Shortfall Payments" means Federal Tax Credit Shortfall Payments.

"Tax Credits" means the Federal Tax Credits.

"Tenant Income Certification" means a tenant's initial tax credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Property, and a copy of the first and last page of each resident lease in each building in the Property, showing the start date of the lease and signature of the resident(s) and owner.

"Title Policy" means the Texas owner's policy of title insurance issued to the Partnership by Chicago Title Insurance Company, as endorsed to include the Special Endorsements, in the amount of $18,047,000.

"TMP" means the General Partner designated as Tax Matters Partner of the Partnership in accordance with Section 6.2.

"Trustee" means Wachovia Bank, National Association, a national banking association, and its successors.
"Uniform Act" means the Revised Uniform Limited Partnership Act as in effect under the laws of the State, as amended from time to time.

"Working Capital Loan" means a loan to the Partnership pursuant to Section 6.9B which is repayable only as provided in Article X.

ARTICLE II

Continuation; Name; and Purpose

Section 2.1. Continuation

The parties hereto hereby agree to continue the limited partnership known as Keller Senior Community, L.P., which was formed pursuant to the provisions of the Uniform Act.

Section 2.2. Name and Office; Agent for Service

A. The Partnership shall continue to be conducted under the name and style set forth in Section 2.1. The principal office of the Partnership shall be at 10405 E. Northwest Highway, Suite 100, Dallas, TX 75238, Attn: Betts Hoover. The General Partners may at any time change the location of such principal office and shall give prompt notice of any such change to the Limited Partners.

B. The name and address of the agent of the Partnership for service of process shall be: Betts Hoover, LifeNet Community Behavioral Healthcare, 10405 E. Northwest Highway, Suite 100, Dallas, TX 75238 (with a copy to Bradley E. Forslund, 5605 N. MacArthur Blvd., Suite 580, Irving, TX 75038).

Section 2.3. Purpose

The purpose of the Partnership is to acquire, construct, develop, repair, improve, maintain, operate, manage, lease, dispose of and otherwise deal with the Project in accordance with any applicable Regulations and the provisions of this Agreement. The Partnership shall not engage in any other business or activity.

Section 2.4. Authorized Acts

In furtherance of its purposes, but subject to all other provisions of this Agreement including, but not limited to, Article VI, the Partnership is, and the General Partners acting on its behalf are, hereby authorized:

(i) To acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(ii) To acquire, construct, rehabilitate, operate, maintain, finance and improve, and to own, sell, convey, assign, mortgage or lease the Project and any
other real estate and any personal property necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(iii) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership and to secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Property or any other assets of the Partnership, to the extent permitted by the Project Documents.

(iv) To prepay in whole or in part, refinance, renew, recast, increase, modify or extend any Mortgage and in connection therewith to execute any extensions, renewals, or modifications of such Mortgage.

(v) To employ any Person, including any Affiliate, to perform services for, or to sell goods to, the Partnership and to pay for such goods and services; provided that (except with respect to any contract specifically authorized by this Agreement) the terms of any such transaction with an Affiliate shall not be less favorable to the Partnership than would be arrived at by unaffiliated parties dealing at arms' length.

(vi) To execute any and all Notes, Mortgages and security agreements in order to secure the Bond Loan from any Lender and any and all other documents, including but not limited to the Project Documents, required by any Lender or any Governmental Agency in connection with each Mortgage and the acquisition, construction, rehabilitation, repair, development, improvement, maintenance and operation of the Property.

(vii) To execute agreements with any Governmental Agency.

(viii) To execute leases of the apartment units in the Project.

(ix) To execute agreements with Persons providing utility, telecommunications, maintenance, and other services to the Project.

(x) To modify or amend the terms of any agreement or contract which the General Partners are authorized to enter into on behalf of the Partnership; provided, however, that such terms as amended shall not without the consent of the Investor Limited Partner and Class B Limited Partner (1) materially adversely affect the Partnership or the Limited Partners, or (2) be in contravention of any of the terms or conditions of this Agreement.

(xi) To enter into any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to, the accomplishment of the purposes of the Partnership, so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of the State.
To execute the Related Agreements and any other notices, documents or instruments required to be executed or delivered in connection with the Bond Loan.

ARTICLE III

Term and Dissolution

A. The Partnership shall continue in full force and effect until December 31, 2054, except that the Partnership shall be dissolved prior to such date upon the happening of any of the following events:

(i) the sale or other disposition of all or substantially all the assets of the Partnership;

(ii) the Retirement of a General Partner unless the business of the Partnership is continued pursuant to Article VII;

(iii) the election to dissolve the Partnership made in writing by the General Partners with the Consent of the Investor Limited Partner and any Requisite Approvals; or

(iv) the entry of a final decree of dissolution of the Partnership by a court of competent jurisdiction.

B. Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Article VII), the General Partners (or for purposes of this paragraph their trustees, receivers, successors or legal representatives) shall cause the cancellation of the Certificate, liquidate the Partnership assets and apply and distribute the proceeds thereof in accordance with Section 10.2. Notwithstanding the foregoing, in the event such liquidating General Partners shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the liquidating General Partners may, in order to avoid such loss, defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations (other than Operating Expense Loans).

ARTICLE IV

Partners; Capital

Section 4.1. General Partners

A. The General Partner of the Partnership is LifeNet-Keller GP, LLC, and its addresses and Capital Contribution are set forth in the Schedule. In no event shall the aggregate Capital Contributions of the General Partners (excluding any Special Capital Contributions, Capital Contributions made pursuant to Section 4.1B below and amounts, if any, paid pursuant to Section 10.2A) exceed $100 without the Consent of the Investor Limited Partner.
B. In the event the entire Development Amount and accrued by unpaid interest thereon has not been paid by the fifteenth anniversary of the Completion Date, the General Partner shall make a Special Capital Contribution to the Partnership in the amount necessary to pay the balance of the Development Amount and the General Partners shall cause the Partnership to immediately apply such proceeds to the discharge of such obligation in full.

Section 4.2. Limited Partners

A. MMA Special Limited Partner, Inc. is hereby admitted to the Partnership as the Special Limited Partner. Its address and Capital Contributions are set forth in the Schedule.

B. Churchill Residential, Inc. is hereby admitted to the Partnership as the Class B Limited Partner, and its address and Capital Contribution are set forth in the Schedule.

C. MMA Evergreen at Keller, LLC is hereby admitted to the Partnership as the Investor Limited Partner. Its address and Capital Contributions are set forth in the Schedule. The payment of its Capital Contribution is governed by Section 5.1.

D. The Original Limited Partner is Bradley E. Forslund. By his execution of this Agreement, the Original Limited Partner hereby withdraws as a Limited Partner, and the Original Limited Partner, as such, shall have no further rights with respect to the Partnership as of the Admission Date.

Section 4.3. Partnership Capital and Capital Accounts

A. The capital of the Partnership shall be the aggregate amount contributed by the Partners as set forth in the Schedule. No interest shall be paid by the Partnership on any Capital Contribution. The Schedule shall be amended and, if necessary or appropriate, amendments to the Certificate shall be filed from time to time to reflect the withdrawal or admission of Partners and any changes in the Interest held or amounts contributed or agreed to be contributed by any Partner.

B. An individual Capital Account shall be established and maintained for each Partner, including any additional or substituted Partner who shall hereafter receive an Interest. The original Capital Account established for each such substituted Partner shall be in the same amount as, and shall replace, the Capital Account of the Partner which such substituted Partner succeeds, and, for the purposes of this Agreement, such substituted Partner shall be deemed to have made the Capital Contribution, to the extent actually paid in, of the Partner which such substituted Partner succeeds. The term “substituted Partner,” as used in this paragraph, shall mean a Person who shall become entitled to receive a share of the allocations and distributions of the Partnership by reason of such Person succeeding to the Interest of a Partner by assignment of all or any part of a Partner’s Interest. To the extent a substituted Partner receives less than 100% of the Interest of a Partner he succeeds, the original Capital Account of such substituted Partner and his Capital Contribution shall be in proportion to the Interest he receives and the Capital Account of the Partner who retains a partial Interest in the Partnership and his Capital Contribution shall continue, and not be replaced, in proportion to the Interest he retains. Any special basis adjustments under Section 743 of the Code resulting from an election by the
Partnership pursuant to Section 754 of the Code shall not be taken into account for any purpose in establishing and maintaining Capital Accounts for the Partners pursuant to this Section 4.3.

C. Nothing in this Section 4.3 shall affect the limitations on transferability of Interests set forth in Article VII and Article VIII.

Section 4.4. Withdrawal of Capital

Except as may be specifically provided in this Agreement, no Partner shall have the right to (i) withdraw from the Partnership all or any part of his Capital Contribution or (ii) demand and receive property of the Partnership in return for his Capital Contribution or in respect of his Interest.

Section 4.5. Liability of Limited Partners

A. No Limited Partner shall be liable for any debts, liabilities, contracts, or obligations of the Partnership. A Limited Partner shall be liable only to make payments of its Capital Contribution as and when due hereunder. After its Capital Contribution shall be fully paid, no Limited Partner shall, except as otherwise required by the Uniform Act or Section 10.2A, be required to make any further capital contributions or payments or lend any funds to the Partnership.

B. In no event shall any Person who is at any time a member of manager of the Investor Limited Partner, or any partner, member or Affiliate of any such Person, have any personal liability for the payment or performance of any obligation of the Investor Limited Partner under the provisions of this Agreement or any document or instrument to be delivered in connection with this Agreement, including, without limitation, the obligations of the Investor Limited Partner to contribute capital to the Partnership. All parties dealing with the Investor Limited Partner shall look solely to the assets of the Investor Limited Partner for the satisfaction of any such obligation.

Section 4.6. Additional Limited Partners

The General Partners may admit additional Limited Partners only with the Consent of the Investor Limited Partner and the Class B Limited Partner.

Section 4.7. Agreement to be Bound by Documents

Each General Partner and Limited Partner shall be bound by the terms of this Agreement and the Project Documents. Any incoming General Partner and Limited Partner, as a condition of receiving any Interest, shall agree to be bound by this Agreement and the Project Documents to the same extent and on the same terms as the other General Partners and Limited Partners, respectively. Upon any dissolution of the Partnership or any transfer of the Property while any Mortgage is held by any Lender, no title or right to the possession and control of the Property and no right to collect the rents therefrom shall pass to any Person who is not, or does not become, bound in a manner satisfactory to the Lender and the Governmental Agency to the Project Documents and the provisions of this Agreement. The Project Documents shall be binding upon and shall govern the rights and obligations of the Partners, their heirs, executors,
administrators, successors and assigns as long as the corresponding Mortgage Loans shall be outstanding.

ARTICLE V

Capital Contributions of Investor Limited Partner

Section 5.1. Installments of Capital Contributions

A. The Investor Limited Partner shall contribute as its Capital Contribution the sum of $4,847,000 payable in seven (7) installments (the “Installments”) as follows:

(i) the first Installment (the “First Installment”) in the amount of $1,456,000 shall be paid on the later of (a) the Admission Date and (b) closing of the Bond Loan;

(ii) the second Installment (the “Second Installment”) in the amount of $969,000 shall be paid on the later of (a) one-hundred eighty (180) days after the Admission Date, and (b) the 50% Completion Date;

(iii) the third Installment (the “Third Installment”) in the amount of $1,290,000, shall be paid on the later of (a) two hundred seventy (270) days after the Admission Date and (b) the 75% Completion Date;

(iv) the fourth Installment (the “Fourth Installment”) in the amount of $505,000 shall be paid on the Completion Date;

(v) the fifth Installment (the “Fifth Installment”) in the amount of $242,000, shall be paid upon the later of (a) Final Closing and (b) the date the Accountants determine the amount of the Federal Tax Credits and determine that the Project satisfies the requirements of Section 42(h) of the Code;

(vi) the sixth Installment (the “Sixth Installment”) in the amount of $242,000, shall be paid upon the date the Partnership achieves a 112% Debt Service Coverage Ratio for each of three (3) consecutive months; and

(vii) the seventh Installment (the “Seventh Installment”) in the amount of $143,000, shall be paid upon the receipt by the Partnership of properly executed Form(s) 8609 with respect to all of the Buildings comprising the Project and receipt of a properly recorded Extended Use Agreement.

B. The obligation of the Investor Limited Partner to make each Installment (except as otherwise provided) is subject to each of the following conditions:

(i) The General Partners shall have properly completed, executed and delivered to the Investor Limited Partner a certificate relating to the appropriate remaining Installments (the “Payment Certificate”), in the forms attached hereto as exhibits, relating to the appropriate remaining Installments, dated the date such
Installment is to be paid to the Partnership and attaching the Title Policy endorsement and any other materials referred to therein. In connection with the payment of each Installment, the Investor Limited Partner shall have the right to conduct a physical inspection of the Property to determine that the condition of the Project is consistent with sound business practices in the geographic area in which the Project is located, including no deferred maintenance. The Investor Limited Partner shall conduct such inspection within ten (10) business days of being requested to do so by the General Partner, provided, however, that the Investor Limited Partner will be deemed to waive such physical inspection requirement if it does not make such inspection within ten (10) business days of receipt of a written request by the General Partner to do so (which may be sent prior to the date of the Payment Certificate, but not more than ten (10) business days prior to the date of the Payment Certificate).

(ii) In the case of the First Installment, all Requisite Approvals to the admission of the Investor Limited Partner pursuant to this Agreement shall have been obtained and the Project shall have received a Credit Approval in the amount of at least $557,245 per annum.

(iii) Each of the representations and warranties set forth in Section 6.5 shall in all material respects be true and correct.

(iv) No event shall have occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3.

(v) From and after the date of the occurrence of an Event of Bankruptcy as to any General Partner, any Guarantor or the Developer, the obligation of the Investor Limited Partner to pay the Installments shall be suspended, and such obligation shall be reinstated only when such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

(vi) No Installment shall be payable unless all conditions for all prior Installments have been satisfied.

Section 5.2. Adjustment to Capital Contributions of Investor Limited Partner

The Capital Contribution of the Investor Limited Partner shall be subject to adjustment in the manner provided in this Section 5.2.

A. Federal Downward Basis Adjuster If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period for all of the Buildings in the Project is or will be less than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be reduced in the aggregate by the “Federal Adjustment Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount is less than the Projected Aggregate Federal Tax Credit Amount (except to the extent
such shortfall is attributable to the recapture of Federal Tax Credits previously reported on a Partnership tax return, in which event the Federal Adjustment Factor shall be $1.00 with respect to the portion of such shortfall attributable to such recapture), (ii) the amount of any interest and/or penalties paid or payable by the Investor Limited Partner (or its participants) as a result of any Recapture Event affecting the foregoing calculation, and (iii) 10% per annum commencing on the Admission Date and continuing until the payment of the amount of such reduction in full (for purposes of this sentence, any reduction effected by reduction in the amount of an Installment as provided in Section 5.2C shall be deemed to have been paid on the date on which such Installment shall actually become payable hereunder). Prior to the release of the Fifth Installment, the “Federal Adjustment Factor” shall be an amount equal to $0.87. From and after the release of the Fifth Installment, the “Federal Adjustment Factor” shall be an amount equal to $0.914. Any amount payable under this Section is referred to as the "Federal Adjustment Amount".

B. **Federal Timing Adjuster**. If at any time and from time to time the Accountants shall determine that, or there shall be a Final Determination or a Recapture Event pursuant to which, the amount of the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $147,083 in 2006, $460,192 in 2007, and $557,134 in 2008 (the “Target Amounts”), then the Capital Contribution of the Investor Limited Partner shall be reduced by $0.60 for each $1.00 that the Federal Tax Credits properly allocable to the Investor Limited Partner is less than $147,083 in 2006, $460,192 in 2007, and $557,134 in 2008 (a "Federal Timing Adjustment"). Notwithstanding the foregoing, however, in the event that the Adjusted Aggregate Federal Tax Credit Amount shall vary from the Projected Aggregate Federal Tax Credit Amount in effect on the date of the Investment Closing, the Target Amounts for purposes of the preceding sentence shall be adjusted by the same percentage by which the Adjusted Aggregate Federal Tax Credit Amount varies from the Projected Aggregate Federal Tax Credit Amount.

C. **Payment of Federal Adjustments**. Any Federal Adjustment Amount (as increased pursuant to the last sentence of Section 5.2A) or Federal Timing Adjustment shall be applied first to reduce the amount of any unpaid portions of the Installments of the Capital Contribution of the Investor Limited Partner, in order, by a corresponding amount. If the aggregate Federal Adjustment Amount (as increased pursuant to Section 5.2A) and Federal Timing Adjustment exceeds the amount of such unpaid Installments, then the General Partners shall make a payment (a “Federal Tax Credit Shortfall Payment”) to the Investor Limited Partner in the amount of such excess within thirty (30) days of the date of the determination in question. Any such Federal Tax Credit Shortfall Payment by the General Partners shall constitute a Capital Contribution to the Partnership but shall not be reimbursable by the Partnership, and shall be immediately distributed by the Partnership to the Investor Limited Partner. If full payment of such excess amount is not received within such thirty (30)-day period, the unpaid balance shall thereafter bear interest at the Designated Prime Rate. Notwithstanding the foregoing, any Federal Adjustment Amount which was caused by a Recapture Event shall be payable solely out of Cash Flow or proceeds of a Capital Transaction.

D. **Provisional Adjustments**. If, upon receipt by the Investor Limited Partner of a Payment Certificate with respect to any Installment, the Investor Limited Partner shall have a reasonable basis to believe that the amount of such Installment would have been subject to reduction if the Accountants had made a current determination or projection under Section 5.2A.
or 5.2B above, the Investor Limited Partner may so notify the General Partners within seven (7) business days of receipt of such Payment Certificate, and the General Partners shall thereupon engage the Accountants to make such determination or projection (unless the General Partners and Investor Limited Partner shall mutually agree upon the adjustments to be made). The amount of the Installment in question shall then be provisionally reduced in accordance with such projection or agreement; provided, however, that if the Accountants’ subsequent determinations with respect to matters provisionally reduced under this paragraph shall vary from the determinations or mutual agreements described herein, then either (i) the Investor Limited Partner shall, within seven (7) business days after receipt of notice of the determination, pay to the Partnership the amounts, if any, by which the provisional reduction exceeded the reduction as subsequently determined or (ii) the amount, if any, by which the reduction as subsequently determined exceeded the provisional reduction shall be applied against future Installments or refunded as provided in Section 5.2C above. The due date for payment by the Investor Limited Partner of any Installment which shall become the subject of the procedure described in this paragraph shall be tolled pending determination of the provisional reduction (if any) as provided herein.

E. Federal Upward Basis Adjuster If at any time and from time to time the Accountants shall determine or there shall be a Final Determination that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount, then the Capital Contribution of the Investor Limited Partner shall be increased in the aggregate by the “Federal Increase Factor” (as hereinafter defined) for each $1.00 that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner during the Credit Period is greater than the Projected Aggregate Federal Tax Credit Amount. The “Federal Increase Factor” shall be an amount equal to $0.87 for every $1.00 by which the Adjusted Aggregate Federal Tax Credit Amount exceeds the Projected Aggregate Federal Tax Credit Amount. In no event shall any increase in the Investor Limited Partner’s Capital Contribution pursuant to this Section 5.2E exceed $500,000. Such increase in the Investor Limited Partner’s Capital Contribution shall be payable at the time of the payment of the Seventh Installment. Notwithstanding the foregoing, in the event that, through the Completion Date the amount of interest income allocated to the Investor Limited Partner exceeds the deductible investment interest expense allocated to the Investor Limited Partner (the “Net Interest Income”), then the increased Capital Contribution payable under this Section 5.2E shall be reduced by an amount equal to 40% of any Net Interest Income.

Section 5.3. Repurchase of Investor Limited Partner’s Interest

A. The General Partner hereby agrees to purchase the Interest of the Investor Limited Partner if any of the following events shall occur:

(i) Final Closing and Permanent Mortgage Commencement shall not have taken place on or before February 1, 2008, provided, however, that such date may be automatically extended for a period of up to twelve (12) months to the extent the expiration dates set forth in the Project Documents shall have been extended beyond such date; or

- 26-
(ii) at any time prior to the Development Obligation Date, (1) any action to foreclose any Mortgage shall have been commenced and such action is not terminated or withdrawn within ninety (90) days or a binding agreement with the holder(s) thereof to effect the same entered into within such period, and any notice of acceleration of indebtedness waived or withdrawn; (2) any action is commenced to foreclose any mechanics' or any other lien (other than the lien of any Mortgage) against the Project and such action has not within ninety (90) days been either bonded against in such a manner as to preclude the holder of such lien from having any recourse to the Property or to the Partnership for payment of any debt secured thereby, or affirmatively insured against by the title insurance policy or an endorsement thereto issued to the Partnership by a reputable title insurance company (which insurance company will not have indemnity from or recourse against Partnership assets by reason of any loss it may suffer by reason of such insurance) in an amount satisfactory to Investor Tax Counsel; (3) construction or operation of the Project shall have been enjoined by a final order (from which no further appeals are possible) of a court having jurisdiction and such injunction shall continue for a period of ninety (90) days; (4) a casualty occurs resulting in substantial destruction of more than 50% of the Project, or there is substantial destruction of less than 50% of the Project and the insurance proceeds (if any) are insufficient to restore the Project or the Project is not so restored within twenty-four (24) months following such casualty; or (5) the Project shall become ineligible for 50% or more of the low-income housing tax credit anticipated to be generated by the Project, as calculated on the basis of the information set forth in the Investment Assumptions.

B. If any such event set forth in Section 5.3A shall occur, the General Partners shall give notice to the Investor Limited Partner and the Class B Limited Partner (with a copy to the Servicing Agent) of the obligations of the General Partner hereunder to purchase the Investor Limited Partner's Interest (such obligation being herein called a “Purchase Obligation” and such notice the “Purchase Obligation Notice”) within fifteen (15) days after the occurrence of any event giving rise to such obligation. If the Investor Limited Partner elects to sell its Interest hereunder, it shall give the General Partners and the Class B Limited Partner notice of such election (an “Election Notice”) within thirty (30) days after such Purchase Obligation Notice from the General Partners is received by the Investor Limited Partner (or, in the event that such Purchase Obligation Notice from the General Partners is not given, at any time after the occurrence of such event).

C. Within thirty (30) business days after delivery to the General Partners and the Class B Limited Partner of an Election Notice from the Investor Limited Partner, the General Partner shall pay the Investor Limited Partner a purchase price (the “Purchase Price”) in cash (with interest thereon at the Designated Prime Rate commencing on the fifth (5th) day following the date of such delivery) equal to (i) the sum of (a) 110% of the Investor Limited Partner's Net Capital Contribution (whether or not theretofore paid-in to the Partnership), plus (b) the amount of any interest or penalties payable in connection with any recapture of tax credits allocated to the Investor Limited Partner pursuant to the Partnership Agreement less (ii) the sum of (a) that portion of the Net Capital Contribution which has not theretofore been paid-in to the Partnership, (b) the amount of Cash Flow theretofore distributed by the Partnership in respect of the Investor
Limited Partner’s Interest and (c) the amount of any tax credits allocable to the Interest which will not be recaptured as a result of the disposition of said Interest or otherwise.

D. Upon the giving of its Election Notice, the Investor Limited Partner shall have no further obligations under this Agreement, and the General Partners and Class B Limited Partner shall indemnify and defend the Investor Limited Partner and hold it harmless against any such obligations. The General Partners and the Class B Limited Partner shall take all action and shall pay all costs necessary to enable the Investor Limited Partner to receive and retain the Purchase Price as against any creditor of any General Partner, the Class B Limited Partner or the Partnership. Notwithstanding the purchase by the General Partner of the Interest of the Investor Limited Partner pursuant to Section 5.3A, to the extent permitted under the applicable provisions of the Code, the Investor Limited Partner shall be allocated any profits or losses and tax credits in respect of said Interest for the period prior to the date of the receipt by the Investor Limited Partner of payment therefor. Anything herein to the contrary notwithstanding, title to the Interest of the Investor Limited Partner shall not vest in the General Partner until payment in full of the Purchase Price therefor. Upon such payment, the General Partner and the Class B Limited Partner shall forthwith cause an amendment hereto and to the Certificate and any other necessary papers to be executed, filed, recorded and published wherever required showing such substitution.

E. No agreement affecting the Project shall prevent the exercise by the Investor Limited Partner of its right to require the purchase by the General Partner of its Interest in the manner described in this Section 5.3.

F. The Investor Limited Partner shall have the right to waive its right to have its Interest repurchased at any time during which any of such rights shall be in effect. Any such waiver shall be exercised by delivery to the General Partners and the Class B Limited Partner of a written notice stating under which clause(s) of this Section it is waiving its right to have its Interest repurchased and that its rights thereunder are thereby irrevocably waived from that date forward.

G. Should any General Partner repurchase the Interest of the Investor Limited Partner pursuant to this Section 5.3, then the Special Limited Partner agrees to withdraw from the Partnership at the same time as the Investor Limited Partner’s withdrawal is effective.

Section 5.4. Default of Investor Limited Partner

A. In the event that the Investor Limited Partner shall fail to pay an Installment in full when due in accordance with this Agreement, the Partnership shall give written notice to such defaulting Limited Partner (the “Defaulting Limited Partner”), who shall have thirty (30) days after such notice to make such payment. If the Defaulting Limited Partner fails to make such payment within such period, then such failure shall constitute a default by the Defaulting Limited Partner under this Agreement and all unpaid future Capital Contributions shall be immediately payable and the Partnership shall have the following rights and remedies, to be exercised as determined by the General Partner, without need for consent of the Defaulting Limited Partner or the Special Limited Partner, each of which remedies shall be cumulative and concurrent and may be pursued separately, successively, or together except as is otherwise
provided in this Section, and such rights and remedies may be exercised as often as occasion theretofore shall arise, all to the maximum extent permitted by the laws of the State of Texas.

(i) **Sale of Interest.** After the notice of default by the Partnership and expiration of the thirty (30) day cure period described above, the Partnership may elect, upon ten (10) days' written notice to the Investor Limited Partner, to sell the Investor Limited Partner's Interest in the Partnership. In connection with such sale, the General Partner agrees to use reasonable efforts to obtain the highest price for the Investor Limited Partner’s Interest. The Investor Limited Partner shall receive any remaining net proceeds of such sale after satisfaction of the obligations of the Investor Limited Partner hereunder.

(ii) **Actions for Specific Performance.** At any time, after the notice of default by the Partnership and after expiration of the thirty (30) day cure period described above, the Partnership may pursue any or all of the rights and remedies available to the Partnership by law or as provided in this Agreement, including suits, to recover all future Capital Contributions, interest thereon, and reasonable costs and expenses, including reasonable attorney’s fees, incurred in collecting such amounts. The Partnership may pursue any such action or proceeding simultaneously with the Partnership’s exercise of its rights under subsection (i) above.

(iii) **Interest.** After default by the Partnership, the defaulted future Capital Contributions will bear interest at the Designated Prime Rate until paid in full, and such interest will be paid by Investor Limited Partner as demanded by the Partnership.

(iv) **Certain Disputes.** Notwithstanding the foregoing, this Section 5.4 shall not apply, and the Investor Limited Partner shall not be deemed to be in default hereunder, in the event a bona fide dispute exists as to the satisfaction of any condition to the payment of an Installment. If such a dispute exists, such dispute shall be submitted during the thirty (30)-day period described above for non-binding mediation and then Arbitration in Keller, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the "Arbitrator") finds that all conditions to the disputed Installment were satisfied, the Investor Limited Partner agrees that it will immediately pay the full amount of the disputed Installment to the Partnership together with interest as described above; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Investor Limited Partner or the General Partner, as the case may be, shall have the right, only after payment of the amounts described above, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the payment by the Investor Limited Partner of the disputed Installment be construed as a waiver of such right. The General Partner’s rights under this Section 5.4 shall not apply unless the Investor Limited Partner fails to pay the full amount of the disputed Installment within ten (10) days following a finding by the Arbitrator that all conditions to the disputed Installment were satisfied (regardless of whether the Investor Limited Partner has exercised its
right to challenge the Arbitrator’s finding pursuant to (2) above). If the Investor Limited Partner fails to pay such amounts within such ten (10) day period, the Investor Limited Partner shall not be entitled to exercise its rights under (2) above and the finding by the Arbitrator shall be deemed final and binding. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any reasonable attorney’s fees incurred in connection with such Arbitration.

B. Notwithstanding any other provision hereof, the Partnership acknowledges that the Investor Limited Partner has previously pledged its Interest to Fleet pursuant to the Fleet Pledge described in Section 8.1D hereof. The Partnership agrees that it will give Fleet written notice (at the following address: Fleet National Bank, Mail Code: MA5-503-04-16, One Federal Street, Boston, MA 02110, Attention: John F. Simon, Senior Vice President) of any default by the Investor Limited Partner hereunder, and further agrees that Fleet will have sixty (60) days from its receipt of such notice to cure any such default prior to the Partnership’s exercising any of its rights and remedies hereunder or otherwise at law or in equity, including, without limitation, its right to sell the Interest hereunder. Fleet may cure any such default by paying only the Installment or Installments for which the conditions to payment set forth in Section 5.1 hereof have then been satisfied. Fleet, as "Agent", is an intended third party beneficiary of this Section 5.4B.

Section 5.5. Redemption of Partnership Interest.

The Investor Limited Partner shall have the right, exercised by giving written notice to the Partnership (with a copy to the Servicing Agent) within one hundred eighty (180) days following the end of the Compliance Period, to require the Partnership to redeem the Interest of the Investor Limited Partner for a redemption price of $100, and the Partnership shall promptly so redeem such Interest, whereupon the Investor Limited Partner shall cease to be a Partner and shall have no further rights, duties or obligations with respect to the Partnership or any of the other Partners.

ARTICLE VI

Rights, Powers and Duties of the General Partners

Section 6.1. Restrictions on Authority

A. Notwithstanding any other provisions of this Agreement, the General Partners shall have no authority to perform any act in respect of the Partnership or the Project in violation of (i) any applicable law or regulation or (ii) any agreement between the Partnership and any Lender or Governmental Agency.

B. The General Partners shall not have any authority to do any of the following acts without the Consent of the Investor Limited Partner and the Class B Limited Partner and any Requisite Approvals:

(i) to incur indebtedness for money borrowed on the general credit of the Partnership, except as specifically permitted by Article IX, or
(ii) following completion of construction of the Improvements, to construct any new capital improvements, or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Property, or

(iii) to acquire any real property in addition to the Property (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Partnership to make any loan or advance to any Person (for purposes of this clause 6.1B(iv), accounts receivable in the ordinary course of business from Persons other than the General Partners or their Affiliates shall not be deemed to be advances or loans), or

(v) to lease any Low Income Unit to other than Qualified Tenants or otherwise operate the Project in such a manner or take any action which could cause any Low Income Unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any low-income housing credit under Section 42 of the Code, or

(vi) after the Investment Closing, to enter into any material Project Document or to amend any Project Document, or to permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the General Partners or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the Investor Limited Partner (notwithstanding that the Investor Limited Partner is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective), or

(vii) to apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant which consent will not be unreasonably withheld provided there are no adverse tax consequences; or

(viii) to obtain, increase, refinance or materially modify any Mortgage Loan after Investment Closing or to sell or convey the Property or any substantial portion thereof, except as provided in Article IX, and except that the General Partners may cause the Partnership to grant easements and similar rights affecting the Land to obtain utility services for the Project or for other purposes necessary or convenient for the operation of the Project, or

(ix) to cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the
Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any Person other than the Partnership, or

(x) to pledge or assign any of the Capital Contribution of the Investor Limited Partner or the proceeds thereof, or

(xi) to amend any of the Related Agreements, or

(xii) to permit the merger, termination or dissolution of the Partnership, or

(xiii) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of $75,000 (provided, however, that any Consent of the Investor Limited Partner required under this clause (xiii) shall not be unreasonably withheld), or

(xiv) to take any action which would cause the Property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

C. The General Partners shall not (a) cause the Partnership to utilize Cash Flow to acquire interests in other limited partnerships or (b) cause the Partnership to invest the proceeds of any sale or refinancing of the Project unless a sufficient portion thereof is distributed to the Investor Limited Partner to enable each limited partner thereof, assuming that it is in a combined federal, state and local marginal income tax bracket of 40%, to pay the federal, state and local income tax liability arising from the sale or refinancing which generated such proceeds, and in any event sale or refinancing proceeds shall not be reinvested without the Consent of the Investor Limited Partner.

D. Any Partner may engage independently or with others in other business ventures of every nature and description including, without limitation, the ownership, operation, management, and development of real estate, regardless of whether such real estate directly competes with the Project, and neither the Partnership nor any Partner shall have any rights by reason of this Agreement in and to such independent ventures.

Section 6.2. Tax Matters Partners

A. The Managing General Partner is hereby designated as the "Tax Matters Partner" for the Partnership. Upon the Retirement of the Person serving as the TMP (the "Retired TMP"), the Partnership shall designate a successor TMP in accordance with Treasury Regulation Section 301.6231(a)(7)-1(T) or any successor Regulation, but such designee shall not become the TMP until the designation of such Person has been approved by Consent of the Investor Limited Partner. Such successor TMP shall notify the Service of its designation as such for such year as well as for all prior years for which the Retired TMP served in such capacity.
B. The TMP shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of the General Partners and of the Investor Limited Partner, at their own expense, to employ tax counsel to represent their respective separate interests.

C. The TMP shall keep the Partners informed of all administrative and judicial proceedings, as required by Section 6223(g) of the Code, and shall furnish to each Partner who so requests in writing, a copy of each notice or other communication received by the TMP from the Service (except such notices or communications as are sent directly to such requesting Partner by the Service). All reasonable third party costs and expenses incurred by the TMP in serving as the TMP shall be Partnership expenses and shall be paid by the Partnership.

D. The TMP shall have no authority, without the Consent of the Investor Limited Partner, to (i) enter into a settlement agreement with the Service which purports to bind Partners other than the TMP, (ii) file a petition as contemplated in Section 6226(a) or 6228 of the Code, (iii) intervene in any action as contemplated in Section 6226(b) of the Code, (iv) file any request contemplated in Section 6227(b) of the Code, (v) enter into an agreement extending the period of limitations as contemplated in Section 6229(b)(1)(B) of the Code or (vi) take any other substantial action which would affect the Investor Limited Partner.

E. The relationship of the TMP to the Investor Limited Partner is that of a fiduciary, and the TMP hereby acknowledges its fiduciary obligation to perform its duties in such manner as will serve the best interests of the Partnership and the Investor Limited Partner.

F. The Partnership shall indemnify the TMP (including the officers and directors of a corporate TMP) against judgments, fines, amounts paid in settlement and expenses (including reasonable attorneys' fees) reasonably incurred by the TMP in any civil, criminal or investigative proceeding in which the TMP is involved or threatened to be involved by reason of being the TMP, provided that the TMP acted in good faith, within what it reasonably believed to be in the best interests of the Partnership or its Partners. The TMP shall not be indemnified under this provision against any liability to the Partnership or its Partners to any greater extent than the indemnification allowed by Section 6.6 of this Agreement. The indemnification provided by this subparagraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Partners, or otherwise.

Section 6.3. Business Management and Control; Designation of Managing General Partner; Tax Matters Partner; Certain Rights of the Special Limited Partner

A. The General Partners shall have the exclusive right to manage the business of the Partnership in accordance with this Agreement. No Limited Partner shall have any authority or right to act for or bind the Partnership.
B. The powers and duties of the General Partners hereunder may be exercised in the first instance by one or more Managing General Partners. Each Managing General Partner is hereby authorized to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any Lender or Governmental Agency) as such Managing General Partner deems necessary or desirable in carrying out such duties hereunder. LifeNet-Keller GP, LLC is hereby designated as the initial Managing General Partner; if such Person shall become unable to serve in such capacity or shall cease to be a General Partner, the remaining General Partners may from time to time designate from among themselves by consent one or more substitute or additional Managing General Partners. If for any reason no designation is in effect, the powers of the Managing General Partners shall be exercised by the majority consent of the remaining General Partners. A designation of a successor as Managing General Partner or the designation of an additional Managing General Partner pursuant to Section 7.3 or 7.5 shall supersede any designation or other exercise of rights pursuant to this Section 6.3B.

C. In the event that (i) the Partnership is in material default of any of its obligations under the Project Documents, which default, in the reasonable judgment of the Special Limited Partner, threatens an assignment or foreclosure of any Mortgage, (ii) the General Partner, Developer or Guarantor is in default in any material respect under their respective obligations under this Agreement, the Development Agreement, or Guaranty Agreement, (iii) a Recapture Event involving five or more units shall have occurred, (iv) a sole General Partner shall Retire, (v) an Event of Bankruptcy shall have occurred as to the Developer prior to the Completion Date, (vi) an Event of Bankruptcy shall have occurred as to a General Partner, (vi) an Event of Bankruptcy shall have occurred as to the Guarantor prior to the expiration of the Guaranty by its own terms, or, (vii) the General Partner or its Affiliate shall have committed fraud or breach of fiduciary duty in connection with the Partnership or the Property, the Special Limited Partner may, at its election, give notice of such default or event to the then General Partners, if any, and, (a) in the case of a default, if such default is not cured within ten (10) business days (or cured within a reasonable time in the event it is impossible to cure such default within such ten (10)-day period, provided that the General Partner is diligently and in good faith seeking to cure such default and there has been no assignment of or institution of proceedings to foreclose any Mortgage), or (b) in the event of such Retirement, Recapture Event or Event of Bankruptcy, promptly after the occurrence of such event, the Special Limited Partner or any Entity of which a majority of the stock or beneficial interest is owned, directly or indirectly, by the Special Limited Partner or MMA Financial, may, with the Consent of the Investor Limited Partner, elect to become an additional General Partner with all the rights and privileges of a General Partner. The Special Limited Partner shall provide the General Partners with true and correct copies of the written instruments evidencing such Consent of the Investor Limited Partner within ten (10) days after the Special Limited Partner's receipt thereof (with a copy to the Servicing Agent). Upon such election by the Special Limited Partner or such Entity and such Consent, the Special Limited Partner or such Entity shall automatically become and shall be deemed a General Partner and each Partner hereby irrevocably appoints the Special Limited Partner (with full power of substitution) as the attorney-in-fact of such Partner for the purpose of executing, acknowledging, swearing to, recording and/or filing any amendment to this Agreement and the Certificate necessary or appropriate to confirm the foregoing. If the Special Limited Partner or such Entity shall become an additional General Partner as herein stated, its Interest shall not be increased thereby (except that the Special Limited Partner may assign its Interest to such Entity). In the event of the admission of the Special Limited Partner or such Entity as a General Partner
pursuant to this Section 6.3C, and if there are then any other General Partners, the Special Limited Partner or such Entity shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them.

Section 6.4. Duties and Obligations of the General Partners and Class B Limited Partner

A. The General Partners shall use their reasonable best efforts to carry out the purposes, business and objectives of the Partnership, and shall devote to Partnership business such time and effort as may be reasonably necessary to (i) supervise the activities of the Management Agent, (ii) make inspections of the Project to determine if the Project is being properly maintained and that necessary repairs are being made thereto, (iii) prepare or cause to be prepared all reports of operations which are to be furnished to the Partners or to any Lender or Governmental Agency, (iv) with the Consent of the Investor Limited Partner, elect to defer the commencement of the Credit Period for all or any portion of the low-income housing tax credit allowable to the Partners under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Limited Partner, (v) cause the Project to be insured in accordance with the requirements set forth in Exhibit C and (vi) cause the Partnership and the Project to comply in all material respects with each of the representations and covenants of the applicant set forth in the Tax Credit Application.

B. Subject to the Project Documents and the requirements of Section 42 of the Code, the General Partners shall use reasonable efforts consistent with sound management practice to maximize income produced by the Project, including, if necessary, seeking any necessary approvals of, and implementing, appropriate adjustments in the rent schedule of the Project.

C. The General Partners shall timely execute and record in the appropriate Filing Office an Extended Use Agreement which satisfies all of the requirements of Section 42(h)(6) of the Code. The General Partners shall hold for occupancy such percentage of the apartments in the Project in such a manner as to qualify the entire Project as a "qualified low income housing project" under Section 42(g) of the Code as interpreted from time to time in regulations and rulings promulgated thereunder. The General Partners shall not take any action which would cause the termination or discontinuance of the qualification of the Project as a "qualified low income housing project" under Section 42(g) of the Code or which would cause the recapture of any Tax Credits without the Consent of the Investor Limited Partner.

D. The General Partners shall prepare and submit to the Secretary of the Treasury (or any other Governmental Agency designated for such purpose), on a timely basis, any and all annual reports, information returns and other certifications and information and shall take any and all other action required (i) to insure that the Partnership (and its Partners) will continue to qualify for Tax Credits to the extent contemplated under this Agreement and (ii) unless the Consent of the Investor Limited Partner is received to act otherwise in a particular instance, to avoid recapture of Tax Credits for failure to comply with the requirements of Section 42 of the Code or other applicable law.
E. Except as provided in or contemplated by the Project Documents, the General Partners agree that neither they nor any Related Person will at any time bear the Economic Risk of Loss for payment or performance of any Mortgage Loan (except for nonrecourse carve outs and indemnification required under Section 3.8(b) and Article XII of the Bond Loan Agreement). Each General Partner agrees that it will not cause any Limited Partner at any time to bear the Economic Risk of Loss for payment or performance under any Note or Mortgage. Each Limited Partner agrees not to take any action which would cause it to bear the Economic Risk of Loss for payment of any Mortgage Loan.

F. The General Partners shall have fiduciary responsibility for the safekeeping and use of all funds of the Partnership, whether or not in their immediate possession or control. The General Partners shall not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Partnership.

G. No General Partner shall contract away the fiduciary duty owed at common law to the Limited Partners.

H. The General Partner shall be solely responsible for the following:

1. analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state;
2. analyzing a site’s economy and forecasting future growth potential;
3. determining the site’s zoning status and possible rezoning strategies;
4. contacting local government officials concerning access to utilities, public transportation and local ordinances;
5. performing environmental tests;
6. negotiating the purchase of the Land and the financing therefor;
7. causing the Partnership to acquire the Land;
8. processing necessary documentation with the Credit Agency in connection with the Tax Credits;
9. arranging the permanent mortgage financing for the Project; and
10. arranging for the admission to the Partnership of the Investor Limited Partner and the Special Limited Partner.

In consideration for its services set forth in this Section 6.4H, the General Partners have received their interests in the profits of the Partnership as set forth in Section 10.3. The General Partner shall not assign any of these duties to the Developer.
I. The General Partners shall (i) not store (except in compliance with applicable Hazardous Waste Laws) or dispose of any Hazardous Material at the Project; (ii) neither directly nor indirectly transport or arrange for the transport of any Hazardous Material to, at or from the Project (except in compliance with applicable Hazardous Waste Laws); (iii) provide the Limited Partners with written notice (x) upon any General Partner's obtaining knowledge of any potential or known release, or threat of release, of any Hazardous Material at or from the Project; (y) upon any General Partner's receipt of any written notice to such effect from any federal, state, or other Governmental Agency; and (z) upon any General Partner's obtaining knowledge of any incurrence of any expense or loss by any such Governmental Agency in connection with the assessment, containment, or removal of any Hazardous Material for which expense or loss any General Partner may be liable or for which expense or loss a lien may be imposed on the Project.

J. [Reserved]

K. The General Partners, with the advice and Consent of the Investor Limited Partner shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that 50% or more of the aggregate basis of each of the Buildings (including site improvements) and the Land attributable thereto is financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap.

L. In the event that the Investor Limited Partner shall give notice to the General Partner that in the reasonable judgment of the Investor Limited Partner depreciation deductions will no longer be allocated to the Investor Limited Partner as a result of the treatment of the Mortgage Loan or Development Amount and accrued interest thereon as a Partner Nonrecourse Debt (“Related Party Financing”), then the General Partner shall take all such action as may be necessary to assure that any outstanding balance of such Related Party Financing shall constitute a Partnership Nonrecourse Liability and the Investor Limited Partner shall give its Consent to allow the General Partners to take all necessary action, provided such action does not have any negative tax consequences for the Partnership or the Investor Limited Partner. One such action shall be the assignment of the outstanding balance of such Related Party Financing to an Entity which is not a Related Person.

M. The General Partners shall cause all leases of dwelling units in the Project to contain a provision obligating tenants to notify the Management Agent immediately of any suspected water leaks, moisture problems or mold in dwelling units or common areas of the Project. In addition, the General Partners shall furnish such reports and implement such actions, if any, required under the provisions of Section 12.1J.

N. The Class B Limited Partner shall deliver to the Investor Limited Partner copies of all draw requests and reports by the Inspecting Architect submitted to the Servicing Agent and Bond Lender in connection with construction of the Project.

O. The General Partner and Class B Limited Partner shall take all steps necessary to provide social services as required by any applicable Governmental Agency.
Section 6.5. Representations, Warranties and Covenants; Certain Indemnities

A. The General Partners hereby represent and warrant to the Investor Limited Partner that the following are true as of the Investment Closing, will be true on the due date for payment of each Installment (except for Sections 6.5A (i), (vi), (vii), (viii), (xi), (xiii), (xvii), (xix), (xx), (xxi), (xxii), (xxiii), (xxiv), (xxv) which are continuing representations):

   (i) The Partnership is a duly organized limited partnership validly existing under the laws of the State and has complied with all recording requirements with each proper Governmental Agency necessary to establish the limited liability of the Limited Partners as provided herein.

   (ii) No litigation or proceeding against the Partnership, any General Partner or the Builder, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other Governmental Agency which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Class B Limited Partner, the Contingent Guarantor, the Builder, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

   (iii) No default by any General Partner, any Affiliate thereof having any relationship with the Project, or the Partnership, in any material respect has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the Project Documents.

   (iv) The Project Documents are in full force and effect (except to the extent fully performed in accordance with their respective terms).

   (v) All accounts and reserves are fully funded to the extent currently required by the Project Documents and this Agreement.

   (vi) No Partner or Related Person bears the Economic Risk of Loss with respect to the indebtedness evidenced by any Note and secured by any Mortgage, except to the extent contemplated by the Project Documents as they exist on the date of Investment Closing.

   (vii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) or, a "will-issue" letter has been obtained by the relevant Governmental Agency which provides that all building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project are ready and may be obtained
subject only to payment of a required fee and neither the Partnership nor any
General Partner has received any notice or has any knowledge of any violation
with respect to the Project of any law, rule, regulation, order or decree of any
Governmental Agency having jurisdiction which would have a material adverse
effect on the Project or the construction, use or occupancy thereof, except for
violations which have been cured and notices or citations which have been
withdrawn or set aside by the issuing agency or by an order of a court of
competent jurisdiction.

(viii) The Partnership owns the fee simple interest in the Property and
has good and indefeasible title thereto, free and clear of any liens, charges or
encumbrances other than the Mortgages, matters set forth in the Title Policy
delivered at Investment Closing, encumbrances the Partnership is permitted to
create under Sections 2.4 and 6.1, and mechanics' or other liens which have been
bonded or insured against in such a manner as to preclude the holder of such lien
or such surety or insurer from having any recourse to the Property or the
Partnership for payment of any debt secured thereby. None of the liens, charges,
encumbrances or exceptions set forth in the Title Policy delivered at Investment
Closing has or will have a material adverse effect upon the construction or
operation of the Project.

(ix) The execution and delivery of all instruments and the performance
of all acts heretofore or hereafter made or taken or to be made or taken, pertaining
to the Partnership or the Property by any General Partner or an Affiliate thereof
which is an Entity have been or will be duly authorized by all necessary action,
and the consummation of any such transactions with or on behalf of the
Partnership will not constitute a breach or violation of, or a default under, the
organizational documents of any such Entity or any agreement by which any such
Entity or any of its properties is bound, nor constitute a violation of any law,
administrative regulation or court decree. Each such Entity is duly organized and
validly existing under the law of the state of its organization.

(x) No General Partner is in default in any material respect in the
observance or performance of any provision of this Agreement to be observed or
performed by such General Partner.

(xi) The Related Agreements are in full force and effect and no default
by any party thereto (other than the Investor Limited Partner or its Affiliates) has
occurred or is continuing thereunder (nor has there occurred any event which,
with the giving of notice or the passage of time, or both, would constitute such a
default in any material respect thereunder).

(xii) No Event of Bankruptcy has occurred and is continuing with
respect to the Partnership, any General Partner, any Guarantor, the Class B
Limited Partner, the Contingent Guarantor, or the Developer.
(xiii) The Project will qualify on and after the Completion Date as a "qualified low-income housing project" under Section 42(g) of the Code and all Low Income Units in the Project will qualify as "low income units" under Section 42(i)(3) of the Code.

(xiv) All tax returns, financial statements, Schedules K-1 and reports due under Sections 12.1B and 12.1E have been properly filed and/or transmitted, as applicable.

(xv) No General Partner, Affiliate of a General Partner, or Person for whose conduct any General Partner has or had control of: (i) directly or indirectly transported, or arranged for transport, of any Hazardous Material to, at or from the Project (except if such transport was or is at all times in compliance with applicable Hazardous Waste Laws); (ii) caused or was legally responsible for any release or threat of release of any Hazardous Material at the Project; (iii) received notification from any federal, state or other Governmental Agency of (x) any potential, known, or threat of release of any Hazardous Material from the Project; or (y) the incurrence of any expense or loss by any such Governmental Agency or by any other Person in connection with the assessment, containment, or removal of any release or threat of release of any Hazardous Material from the Project.

(xvi) To the best of the General Partner's knowledge, no Hazardous Material was ever or is now stored on, transported or disposed of on the Land (except to the extent any such storage, transport or disposition was at all times in compliance with all Hazardous Waste Laws).

(xvii) No General Partner, Affiliate of a General Partner, shareholder of a General Partner, director of a General Partner, officer of a General Partner or manager of a General Partner has ever (i) been convicted of a crime; (ii) had a judgment entered against them for fraud, willful misconduct or breach of fiduciary duty; or (iii) been sanctioned by HUD, the Securities and Exchange Commission or any other government agency.

(xviii) There are currently no criminal or civil actions or administrative proceedings pending against the General Partners or their Affiliates, shareholders, directors, officers or managers.

(xix) Fifty percent (50%) or more of the aggregate basis of each of the Buildings and the Land attributable thereto will be financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

(xx) The General Partner will elect to be treated as a corporation for tax purposes under the "check-the-box" regulations promulgated under section 7701 of the Code. The General Partner intends to be treated as a "tax-exempt controlled entity" as such term is defined in Section 168(h)(6)(F)(iii) of the Code;
(xxi) The General Partner has made or will timely make the election permitted under Section 168(h)(6)(F)(ii) of the Code so that no part of the Project shall constitute “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(xxii) No employees shall be engaged by the Partnership.

(xxiii) Fees to be paid by the Partnership to the General Partners and their Affiliates will be reasonable in amount for services actually performed or material actually provided.

(xxiv) None of the Mortgage Loans are subject to covenants requiring maintenance of specified debt service coverage ratios.

(xxv) The General Partners shall cause the Partnership to

(a) maintain its books and records separate from those of any other Person or Entity, including its General Partners or any Affiliates of the Partnership;

(b) except as specifically permitted by the Project Documents, not commingle assets with those of any other Entity, including the General Partners or any Affiliates of the Partnership;

(c) conduct its own business in its own name or the name of the Project so as not to mislead others as to the identity of such Entity;

(d) maintain separate financial statements from any other Person or Entity, including the General Partners or any Affiliates of the Partnership;

(e) except as specifically permitted by the Project Documents, or this Agreement, pay its own liabilities out of its own funds;

(f) observe all partnership formalities including without limitation holding all meetings and obtaining all consents required by this Agreement;

(g) maintain an arm’s length relationship with its Affiliates;

(h) except as specifically permitted by the Project Documents, not guarantee or become obligated for the debts of any other Entity or hold out its credit as being available to satisfy the obligations of others, including the General Partners or any Affiliates of the Partnership;

(i) allocate fairly and reasonably any overhead for shared office space or other similar expenses;
(j) use invoices and checks separate from any other Person or Entity, including the General Partners or any Affiliates of the Partnership; and

(k) hold itself out as and operate as an Entity separate and apart from any other Entity, including the General Partners or any Affiliates of the Partnership.

(xxvi) All of the representations and warranties set forth in the Closing Certificate are true and correct.

(xxvii) The Adjusted Aggregate Federal Tax Credit Amount shall be at least $5,571,340.

(xxviii) The General Partner represents that the land that is the subject of the Environmental Reports is the same land that is described in Schedule A of the Title Policy.

B. The Class B Limited Partner hereby represents and warrants to the Investor Limited Partner that the following are true as of the date hereof, will be true on the due date for payment of each Installment and at all times hereafter:

(i) No litigation or proceeding against the Class B Limited Partner, the Guarantor, the Contingent Guarantor, or the Developer, nor any other litigation or proceeding directly affecting the Project, is pending before any court, administrative agency or other governmental authority which would, if adversely determined, have a material adverse effect on the Partnership, any General Partner, Guarantor, the Builder, the Class B Limited Partner, the Contingent Guarantor, the Developer or their respective businesses or operations, except for such matters as to which the likelihood of such a determination adverse to the Partnership is, in the opinion of Partnership Counsel or other counsel acceptable to the Investor Limited Partner, remote.

(ii) All building, zoning and other applicable certificates, permits, approvals and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project have been obtained (other than prior to completion of the Project or a specified portion thereof, such as will be issued only after the completion of the Project or such specified portion thereof) or, a “will-issue” letter has been obtained by the relevant Governmental Agency which provides that all building, zoning, and other applicable certificates, permits, approvals, and licenses necessary to permit the construction, rehabilitation, repair, use, occupancy and operation of the Project are ready and may be obtained subject only to payment of a required fee (as long as all permits required by the first part of this sentence are issued by the due date of the Second Installment), and neither the Partnership nor any General Partner has received any notice or has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any governmental authority having jurisdiction
which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

(iii) The Related Agreements are in full force and effect and no default by any party thereto (other than the Investor Limited Partner or its Affiliates) has occurred or is continuing thereunder (nor has there occurred any event which, with the giving of notice or the passage of time, or both, would constitute such a default in any material respect thereunder).

(iv) No Event of Bankruptcy has occurred and is continuing with respect to the Partnership, any General Partner, any Guarantor, the Class B Limited Partner, the Contingent Guarantor, or the Developer.

Section 6.6. Indemnification

A. Each General Partner (including any Retired General Partner) shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by him or it in connection with the Partnership, provided that the same were not the result of negligence or misconduct on the part of any General Partner or any of its “Designated Affiliates” (as such term is defined in Section 6.7B) and were the result of a course of conduct which such General Partner, in good faith, determined was in the best interest of the Partnership. Any indemnity under this Section 6.6 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof; provided, however, that no indemnification shall be provided for any losses, liabilities or expenses arising from or out of any alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee and the court approves indemnification of litigation costs; (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee and the court approves indemnification of litigation costs; or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee and finds that indemnification of the settlement and related costs should be made.

B. The Partnership shall not incur that cost of that portion of any insurance which insures any party against any liability as to which such party is herein prohibited from being indemnified.

C. The General Partners agree promptly to indemnify, defend and hold harmless the Partnership and the Limited Partners from and against any and all claims, losses, damages, costs, expenses and liabilities which the Partnership and the Limited Partners may incur by reason of any liabilities to which either the Partnership or the Project is subject at the Investment Closing; provided, however, that the foregoing indemnification shall not apply to any Mortgage, necessary contractual obligations normally incurred in connection with the Property, or to acts for which such General Partners are entitled to indemnification under Section 6.6A.
D. The General Partners agree to promptly indemnify, defend, and hold harmless the Partnership and the Limited Partners from and against any claims, losses, damages, costs, expenses or liabilities which the Partnership and the Limited Partners may incur on account of the presence or escape of any Hazardous Material at or from the Property (or at any other location). Any such indemnity by the General Partner of the Partnership shall be limited to those claims, losses, damages, costs, expenses or liabilities which were caused by the negligent acts or omissions of the General Partner or the Developer or to the extent that the General Partner or the Developer had knowledge of the condition which gave rise to the release of Hazardous Material. Any such claims, losses, damages, costs, expenses or liabilities may be defended, compromised, settled, or pursued by the Limited Partners with counsel of the Limited Partners' selection, but at the expense of the General Partners. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

E. The General Partners shall defend, indemnify and hold harmless the Partnership and the Limited Partners from any liability, loss, damage, fees, costs and expenses, judgments or amounts paid in settlement incurred by reason of any demands, claims, suits, actions or proceedings arising out of the General Partners' or any Designated Affiliate's negligence, misconduct, fraud, breach of fiduciary duty or breach of this Agreement, including without limitation any breach by any General Partner or any Designated Affiliate of any representation, warranty, covenant or agreement set forth in Section 6.5 or elsewhere in this Agreement, including all reasonable legal fees and costs incurred in defending against any claim or liability or protecting itself or the Partnership from, or lessening the effect of, any such breach. The foregoing indemnification shall be a recourse obligation of the General Partners and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, bankruptcy or withdrawal of any General Partner.

Section 6.7. Liability of General Partners to Limited Partners

A. Except as set forth in Section 6.6, no General Partner or Designated Affiliate (as defined in Section 6.7B) shall be liable, responsible or accountable for damages or otherwise to the Partnership or to any Limited Partner for any loss suffered by the Partnership which arises out of any action or inaction of such General Partner or Designated Affiliate (i) if such General Partner or Designated Affiliate, in good faith, determined that such course of conduct was in the best interests of the Partnership and (ii) such course of conduct did not constitute negligence, breach of fiduciary duty or misconduct on the part of that General Partner or Designated Affiliate or breach of this Agreement.

B. As used in Sections 6.6 and 6.7, a "Designated Affiliate" is any Person performing services on behalf of the Partnership, within the scope of authority of the General Partner who: (i) directly or indirectly controls, is controlled by, or is under common control with any General Partner, (ii) owns or controls 10% or more of the outstanding voting securities of any General Partner, (iii) is an officer, director, partner, member or trustee of any General Partner, or (iv) if any General Partner is an officer, director, partner, member or trustee, of any company for which such General Partner acts in any such capacity.
Section 6.8. Certain Obligations of the Developer

A. The Partnership has entered into an agreement with the Developer pursuant to which the Developer is obligated to complete the construction of the Improvements and to pay certain development costs and other expenses as set forth in the Development Agreement.

B. The undertakings of the Developer set forth in the Development Agreement are made for the benefit of and shall be enforceable by the Partnership and the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or the Development Agreement or any rights thereunder.

C. The Class B Limited Partner hereby unconditionally jointly and severally guarantees to the Partnership and the Investor Limited Partner the due and punctual performance of all obligations of the Developer under the Development Agreement. The Class B Limited Partner hereby agrees that its obligations hereunder shall constitute a guaranty of payment and not of collection and shall be unconditional irrespective of the regularity or enforceability of this Agreement or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor or any other circumstances which might otherwise limit the recourse to the Class B Limited Partner. The undertakings of the Class B Limited Partner set forth in this Section 6.8 and in Section 6.9 are made for the benefit of the Partners and shall not inure to the benefit of any creditor of the Partnership other than a Partner, notwithstanding any pledge or assignment by the Partnership of this Agreement or any rights hereunder.

D. In addition to the foregoing, the Class B Limited Partner hereby guarantees to the Limited Partners the prompt payment by the Partnership of all Other Development Costs. Accordingly, if the amount of Other Development Costs exceeds the balance of Designated Proceeds remaining after payment of all Eligible Development Costs, the Class B Limited Partner shall furnish to the Partnership the funds required to pay such excess at or prior to the time such excess is payable by the Partnership. Amounts so furnished to fund such excess Other Development Costs shall not be reimbursable, shall not be credited to the Capital Account of any Partner or otherwise change the interest of any Person in the Partnership, but shall be the sole expense and responsibility of the Class B Limited Partner as a cost incurred by them in fulfilling their guaranty under this Section 6.8D.

Section 6.9. Obligation to Provide for Operating Expenses

A. During the period commencing on the Admission Date and ending on the third anniversary of the Development Obligation Date, the General Partners agree that if the Partnership requires funds to discharge Operating Expenses (other than to make payments to Partners, payments of any outstanding Operating Expense Loans or other obligations herein provided to be payable solely out of Cash Flow or distributions of proceeds from a Capital Transaction), the General Partners shall furnish to the Partnership the funds required. Amounts so furnished to fund Operating Expenses incurred prior to the Development Obligation Date shall be deemed Special Capital Contributions. Amounts furnished to fund Operating Expenses incurred on or after the Development Obligation Date but prior to the third anniversary of the Development Obligation Date shall constitute Operating Expense Loans. Notwithstanding the
foregoing, however, the General Partners shall not be obligated to make Operating Expense Loans under this Section 6.9A to the extent that the outstanding aggregate principal amount of such Operating Expense Loans would exceed $1,000,000 which includes the funding of the Replacement Reserve. Any such Operating Expense Loans shall bear interest at the Prime Rate and be repayable only as provided in Article X.

B. Commencing on the third anniversary of the Development Obligation Date, Churchill Residential, Inc. shall be obligated to make working capital advances to the Partnership when and as needed, except that Churchill Residential, Inc. shall not be obligated to make further advances under this Section 6.9B to the extent that the aggregate outstanding balance of such advances shall exceed $100,000. Advances made pursuant to this Section 6.9B shall constitute Working Capital Loans and shall be repayable only as provided in Article X.

Section 6.10. Certain Payments to the General Partners and Affiliates

A. For its services in connection with the development of the Property and the supervision to completion of the construction of the Improvements and as reimbursement for Development Advances, the Developer shall be entitled to receive the amounts set forth in the Development Agreement.

B. All of the Partnership's expenses shall be billed directly to, and paid by, the Partnership to the extent practicable. Subject to the terms of this Agreement, reimbursements to a General Partner or any of its Affiliates by the Partnership shall be allowed subject to the following conditions:

   (i) such goods or services must be necessary for the prudent formation, development, organization or operation of the Partnership;

   (ii) reimbursement for goods or services provided by Persons who are not affiliated with a General Partner shall not exceed the cost to a General Partners or their Affiliates of obtaining such goods or services; and

   (iii) reimbursement for goods and services obtained directly from a General Partner or its Affiliates shall not exceed the amount the Partnership would be required to pay independent parties for comparable goods and services in the same geographic location and shall not include reimbursement for the general overhead of the General Partners or their Affiliates (including salaries and benefits of employees thereof).

C. Neither the General Partners nor any of their Affiliates shall be entitled to any compensation, fees or profits from the Partnership in connection with the acquisition, construction, development or rent-up of the Land or Improvements or for the administration of the Partnership's business or otherwise, except for (i) payments provided for or referred to in Sections 2.4(v) or 6.10A, (ii) payments of the Management Fee and Incentive Management Fee referred to in Article XI, (iii) fees and distributions under Article X, (iv) such other fees and distributions as may be permitted to be paid by any Lender or the Governmental Agency out of the proceeds of any Mortgage Loan and (v) payments to the Builder under the Construction Contract.
Section 6.11. **Joint and Several Obligations**

If there is more than one General Partner, all obligations of the General Partners hereunder shall be joint and several obligations of the General Partners, except as herein expressly provided to the contrary.

Section 6.12. **Reserve Accounts**

A. The General Partners shall cause the Partnership to establish a reserve account for capital replacements, which account shall be funded by monthly deposits of $4,167, which amount equals $200 per unit per year (or such greater amount as may be required by any Lender or, subject to any Requisite Approvals, such lesser amount as shall be approved in writing by the Special Limited Partner from time to time) commencing on the Completion Date. Withdrawals from such reserve shall be utilized solely to fund capital repairs and improvements deemed necessary by the General Partners.

B. The General Partners shall cause the Partnership to establish the Operating Reserves. Withdrawals from such reserves shall be utilized solely to fund operating expenses deemed necessary by the General Partners. If there are any proceeds remaining, the Operating Reserves will be released at the Development Obligation Date and such remaining funds shall be added to Designated Proceeds.

C. The General Partners shall cause the Partnership to establish a Lease-Up Reserve, as required under the terms of the Indenture.

**ARTICLE VII**

**Withdrawal of a General Partner; New General Partners**

Section 7.1. **Voluntary Withdrawal**

No General Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner, the Class B Limited Partner and any Requisite Approvals.

Section 7.2. **Obligation to Continue**

In the event of the Retirement of any General Partner, the remaining General Partners, if any, and any successor General Partner shall have the obligation to continue the business of the Partnership employing its assets and name. Immediately after the occurrence of such Retirement, the remaining General Partners, if any, shall notify the Investor Limited Partner (with a copy to the Servicing Agent) thereof.
Section 7.3. Successor General Partner

A. Upon the occurrence of any Retirement, the remaining General Partners may designate a Person to become a successor General Partner to the Retired General Partner. Any Person so designated, subject to any Requisite Approvals, the Consent of the Investor Limited Partner and, if required by the Uniform Act or any other applicable law, the consent of any other Partner so required, shall become a successor General Partner. Any Person designated to become a Successor General partner must be a "Community Housing Development Organization" under the laws of the State of Texas and must qualify the Property for an ad valorem property tax exemption.

B. If any Retirement shall occur at a time when there is no remaining General Partner and no successor General Partner is to be admitted pursuant to Section 7.3A or the remaining General Partners do not elect to continue the business of the Partnership pursuant to Section 7.2, then the Investor Limited Partner shall have the right, subject to any Requisite Approvals and Section 6.3C, to designate a Person to become a successor General Partner.

C. If the Investor Limited Partner elects to reconstitute the Partnership and admit a successor General Partner pursuant to this Section 7.3, the relationship of the Partners in the reconstituted Partnership shall be governed by this Agreement.

Section 7.4. Interest of Predecessor General Partner

A. Except as provided in Section 7.3A, no assignee or transferee of all or any part of the Interest of a General Partner shall have any automatic right to become a General Partner. Until the acquisition of the Interest of a Retiring General Partner pursuant to Section 7.7, such Interest shall be deemed to be that of an assignee and the holder thereof shall be entitled only to such rights as an assignee may have as such under the laws of the State.

B. Anything herein contained to the contrary notwithstanding, any General Partner withdrawing voluntarily in violation of Section 7.1 shall remain liable for all of his obligations under this Agreement, for all its other obligations and liabilities hereunder incurred or accrued prior to the date of its withdrawal and for any loss or damage which the Partnership or any of its Partners may incur as a result of such withdrawal (except as provided in Section 6.7), except for any loss or damage attributable to the default, negligence or misconduct of a successor General Partner admitted in its place under this Agreement.

C. The disposition of the General Partner Interest of a General Partner who Retiring voluntarily in compliance with this Agreement shall be accomplished in such manner as shall be acceptable to the remaining General Partners, shall be approved by Consent of the Investor Limited Partner and shall have obtained any Requisite Approvals. Any other Retirement of a General Partner shall be governed by Section 7.7D.

Section 7.5. Designation of New General Partners

The General Partners may, with the written consent of all Partners, at any time designate new General Partners, each with such Interest as a General Partner in the Partnership as the General Partners may specify, subject to any Requisite Approvals.
Any new General Partner shall, as a condition of receiving any interest in the Partnership property, agree to be bound by the Project Documents and any other documents required in connection therewith and by the provisions of this Agreement, to the same extent and on the same terms as any other General Partner.

Section 7.6. Amendment of Certificate; Approval of Certain Events

Upon the admission of a new General Partner, the Schedule shall be amended to reflect such admission and an amendment to the Certificate, also reflecting such admission, shall be filed as required by the Uniform Act.

Each Partner hereby consents to and authorizes any admission or substitution of a General Partner or any other transaction, including, without limitation, the continuation of the Partnership business, which has been authorized under the provisions of this Agreement, and hereby ratifies and confirms each amendment of this Agreement necessary or appropriate to give effect to any such transaction.

Section 7.7. Removal of the General Partner

A. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the General Partner in accordance with the provisions of this Section 7.7 if a Material Default occurs and is not cured within the time period set forth in this Section 7.7. If at any time there is more than one General Partner, all General Partners may be removed and replaced in accordance with the provisions of this Section 7.7 in the event of a Material Default by any General Partner.

B. As used in this Section 7.7, “Material Default” means the occurrence of any of the following events:

   (i) a breach by any General Partner (or any of its Affiliates) of any of its representations or warranties contained herein or in the performance of any of its obligations under this Agreement or any Related Agreement, which breach could have a material adverse impact on the Partnership, the Project or the Investor Limited Partner;

   (ii) a violation by any General Partner of any law, regulation or order applicable to the Partnership, or a material breach by the Partnership or any General Partner under any Project Document or other material agreement or document affecting the Partnership or the Project which has or may have a material adverse effect on the Partnership, the Investor Limited Partner or the Project;

   (iii) an Event of Bankruptcy as to any General Partner, the Guarantor or the Partnership;

   (iv) the commencement of foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed within thirty (30) days after the date of such commencement; or
C. In the event that the Special Limited Partner determines to remove any General Partner pursuant to the provisions of this Section 7.7, the Special Limited Partner shall notify the General Partner in writing (with a copy to the Servicing Agent), of the Material Default that is the cause for the removal of the General Partner (any such notice being referred to herein as a “Removal Notice” and the date of receipt of such Removal Notice being referred to herein as the “Removal Notice Date”). In the case of any Material Default described in clauses (i) or (ii) of Section 7.7B above, the General Partner shall have ten (10) business days (or thirty (30) business days if it is a non-monetary default) from the Removal Notice Date to cure the Material Default; provided, however, that if a non-monetary Material Default cannot be reasonably cured within thirty (30) business days, the General Partner shall not be removed if the General Partner commences such cure within thirty (30) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within ninety (90) business days following the Removal Notice Date (or such lesser period as is required to cure the Material Default), and the failure to cure such Material Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. For purposes of this paragraph, the failure to provide or maintain any insurance required by this Agreement shall be deemed to be a monetary default. If the General Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the General Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Material Default reasonably acceptable to the Special Limited Partner. The General Partner shall have no right to cure any Material Default described in clause (v) of Section 7.7B above.

D. If a General Partner is removed pursuant to this Section 7.7, the Partnership shall pay to such removed General Partner in the manner set forth in Section 7.7G an amount equal to (x) the sum of (i) an amount equal to the General Partner’s positive Capital Account balance, if any, following a deemed sale of all Partnership property and a deemed liquidation of the Partnership (but prior to any deemed distributions upon liquidation), (ii) the unpaid principal balance of any Operating Expense Loans, and (iii) any fees owed to the General Partner and/or its Affiliates in the manner described in Section 7.7E below minus (y) an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the General Partner prior to its removal, including, without limitation, the Material Default creating the right of the Special Limited Partner to remove the General Partner pursuant to the provisions of this Section 7.7. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed General Partner. The resulting amount is referred to herein as the “Removal Purchase Price.” Notwithstanding the foregoing, the Removal Purchase Price shall not exceed the amount which the removed General Partner would have received under Section 10.1B from a deemed sale of the Project on the Removal Notice Date, based on the Appraised Value of the Project determined under Section 7.7F below.
E. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any fees owed to the General Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Removal Notice Date shall be part of the Removal Purchase Price as described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Removal Purchase Price as calculated pursuant to the provisions of Section 7.7D above, or (ii) there exist any unpaid obligations or liabilities of the General Partner that relate to the period up to and including the effective date of the removal of the General Partner, any such unpaid fees owed to the General Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the General Partner (or such Affiliates) and applied by the General Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the General Partner (or such Affiliates) shall be reduced or eliminated, as the case may be. In the event the General Partner is removed but the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 7.7C above, the General Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) Business Day period, the General Partner and the Special Limited Partner each shall select an Independent Appraiser. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisers shall be the fair market value. The Partnership and the removed General Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 7.7F.

G. In the event of the removal of the General Partner pursuant to the provisions of this Section 7.7, any Removal Purchase Price due to the General Partner pursuant to the provisions of Section 7.7D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Removal Purchase Price under the provisions of this Section 7.7, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such General Partner and its Affiliates generally and to any others claiming by or through the General Partner to whom any distributions or loan, fee or other payments are to
be made under Article X or otherwise, and the General Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Removal Notice Date. Concurrently with the determination of the Removal Purchase Price, each General Partner shall provide the Partnership, the successor General Partner(s) and the Investor Limited Partner with additional written releases from the General Partner (and any Affiliates to whom obligations of any kind are owed by the Partnership, the successor General Partner(s), the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, (i) all agreements between the Partnership and the General Partner and/or its Affiliates may, at the election of the Partnership, be terminated and, except for payment of the Removal Purchase Price due to the General Partner (or such Affiliates), the Partnership shall have no further obligations under such agreements; and (ii) the removed General Partner shall be liable for all reasonable costs and expenses incurred by the Partnership or the Limited Partners in connection with the admission to the Partnership of a successor General Partner, which shall be considered Adverse Consequences for a purpose of this Section. Notwithstanding the foregoing however, if the Developer is not in default under its obligations under the Development Agreement, the Development Agreement will remain in effect. From and after the effective date of its removal, the removed General Partner shall not be liable for obligations of the Partnership incurred subsequent to such effective date unless such obligations arise out of acts or omissions of the removed General Partner prior to such effective date. The removed General Partner shall continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as the General Partner and any Partnership obligations not listed in the prior year's financial statements or otherwise described in writing to the Special Limited Partner, and for any Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective date of its removal. Without limiting the generality of the foregoing, and in addition to any of its other obligations hereunder, the removed General Partner shall continue to be liable for any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital Contribution adjustment provisions of Article V as a result of any adjustments determined thereunder, other than adjustments arising from a Recapture Event or the acts or omissions of any replacement or successor General Partner, in either case subsequent to the effective date of the removal of the removed General Partner.

J. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the Special Limited Partner may designate a Person or Persons, including, without limitation, an Affiliate of the Special Limited Partner, to become a successor General Partner or Partners replacing the removed General Partner, subject to any Requisite Approvals and to the terms of the Project Documents.

K. The election by the Special Limited Partner to remove any General Partner pursuant to the provisions of this Section 7.7 shall not limit or restrict the availability and use of any other remedy that the Special Limited Partner or the Investor Limited Partner may have with respect to any General Partner in connection with its undertakings and responsibilities under this Agreement, and the exercise by the Special Limited Partner of the rights granted to it in this Section 7.7 is understood by the parties hereto to be permitted by the Uniform Act as the exercise of powers not constituting participation in the control of the business so as to cause the Special
Limited Partner (or the Investor Limited Partner) to be liable for Partnership obligations as a general partner.

L. In the event that the General Partner is removed pursuant to the provisions of this Section 7.7, the removed General Partner shall immediately deliver to the Special Limited Partner all books, records, tax and financial information relating to the Partnership and the Property that are in the possession or under the control of the General Partner or any of its Affiliates. The General Partner agrees that if it fails to comply with the provisions of this Section 7.7L, the Limited Partners may enforce such provisions by specific performance, and no portion of the Removal Purchase Price shall be payable unless the provisions of this Section are fully and promptly complied with.

M. If the General Partner fails to comply with any of its obligations under this Section 7.7 or contests the right of the Special Limited Partner to exercise the removal or other rights described in this Section 7.7, and the Special Limited Partner prevails in any proceeding, any costs and expenses incurred by the Limited Partners in enforcing their rights in this Section 7.7, including, without limitation, reasonable legal fees and expenses, shall be paid by the General Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

N. In the event that the Special Limited Partner sends a Removal Notice, the Special Limited Partner may, as of such date, elect to become, or to designate another Person, including, without limitation, an Affiliate of the Investor Limited Partner or the Special Limited Partner, to become, an additional General Partner with all the rights and privileges of a General Partner. If the Special Limited Partner or such other Person shall become an additional General Partner as herein stated, the Special Limited Partner’s interest in the Partnership shall not be increased as a result thereof. In the event of the admission of the Special Limited Partner or such Person as a General Partner pursuant to this Section 7.7N, and if there are then any other General Partners, the Special Limited Partner or such other Person shall have managerial rights, authority and voting rights of 51% on any matters to be decided or voted upon by the General Partners or the Managing General Partner, as the case may be, and the rights and authority of the remaining General Partners or the Managing General Partner, as the case may be, shall be deemed equally divided among them. The Special Limited Partner shall be entitled to receive reasonable compensation for serving as a General Partner under this Section, and any such compensation shall be a reduction of the Removal Purchase Price.

ARTICLE VIII

Transfer of Limited Partner Interests

Section 8.1. Right to Assign

A. Except as restricted in this Article VIII or by operation of law, and subject to the Regulations, each Limited Partner shall have the right to assign its Interest and to substitute its assignee in its place as a Substitute Limited Partner without the written consent of the General Partners, provided, however, that if the Assignee is not an affiliate of or controlled by MMA or
Fleet, the consent of the General Partner and the Class B Limited Partner will be required to such substitution, which consent will not be unreasonably withheld or delayed.

B. The General Partners, at the sole expense of the assigning Limited Partner, shall cooperate in good faith to effect such assignment as expeditiously as possible, including without limitation the execution of appropriate amendments to, or updates of, the Related Agreements and/or any other documents which the assigning Limited Partner reasonably determines necessary or appropriate to accomplish such assignment, including, but not limited to, any amendments, updated opinion of Partnership Counsel, authorizing resolutions of the General Partner and Developer and any other documents reasonably deemed necessary and appropriate by the Investor Limited Partner. In addition, in the event of a transfer of any interest in the Investor Limited Partner, the General Partner agrees to make such changes to this Agreement and the Related Agreements as the Investor Limited Partner may reasonably request.

C. The assignor shall assume any costs incurred by the Partnership in connection with an assignment of its Interest.

D. Notwithstanding the foregoing, or any other provision of this Agreement: (1) the Investor Limited Partner may pledge, without the consent of the General Partners, the Class B Limited Partner or any other Person, its Interest to Fleet National Bank as Agent (together with its successors and/or assigns in such capacity, "Fleet") to secure a loan to an affiliate of the Investor Limited Partner, the proceeds of which have been used by the Investor Limited Partner to make its Capital Contribution to the Partnership (the "Fleet Pledge"); (2) Fleet shall have the rights of a secured party to retain, sell or transfer the Interest so pledged in accordance with the Fleet Pledge; (3) Fleet shall have the right to transfer or assign its rights hereunder and under the Fleet Pledge without the consent of the General Partners or any other Person; (4) in the event of any enforcement of the Fleet Pledge and the foreclosure upon or other disposition of the Interest, Fleet (or its nominee, successor, transferee or assignee) shall be immediately, automatically and unconditionally admitted as a Substitute Limited Partner, subject only to its execution of an agreement to be bound by this Agreement and (5) so long as the Fleet Pledge shall not have been released in accordance with its terms, (a) the Interests will not be, and will not become, "investment property" or held in a "securities account" (within the meaning of the Uniform Commercial Code of the State (the "UCC") and will be, and will remain, "general intangibles" within the meaning of Article 9 of the UCC and (b) any action by any Partner to cause any of the Interests to be deemed to be or to be treated as a "security" or as "investment property" or to be held in a "securities account" within the meanings of Article 8 and Article 9, respectively, of the UCC, shall be void and of no effect. Fleet, as Agent, is an intended third party beneficiary of this section.

Section 8.2. Substitute Limited Partners

A. The Limited Partner shall have the right to substitute an assignee as a Limited Partner in its place, subject to the limitations contained in Section 8.1A and any Requisite Approvals. Any Substitute Limited Partner shall agree to be bound (to the same extent to which its predecessor in interest was so bound) by the Project Documents and this Agreement as a condition to its being admitted to the Partnership.
Section 8.3. Assignees

A. Any permitted assignee of a Limited Partner which does not become a Substitute Limited Partner shall have the right to receive the same share of profits, losses and distributions of the Partnership to which the assigning Limited Partner would have been entitled.

B. Any assigning Limited Partner shall cease to be a Limited Partner and shall no longer have any rights or obligations of a Limited Partner except that, unless and until the assignee of such Limited Partner is admitted to the Partnership as a Substitute Limited Partner, said assigning Limited Partner shall retain the statutory rights and be subject to the statutory obligations of an assignor limited partner under the Uniform Act as well as the obligation to make the Capital Contributions attributable to the Interest in question, if any portion thereof remains unpaid.

C. There shall be filed with the Partnership a duly executed and acknowledged counterpart of the instrument making each assignment; such instrument must evidence the written acceptance of the assignee to this Agreement and the Project Documents. If such an instrument is not so filed, the Partnership need not recognize any such assignment for any purpose.

D. In the case of any assignment of a Limited Partner's Interest as a Limited Partner, where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt of notice of assignment and required documentation.

E. An assignee who does not become a Substitute Limited Partner and who desires to make a further assignment of its Interest shall also be subject to the provisions of this Article VIII.

Section 8.4. Voluntary Withdrawal of the Class B Limited Partner

No Class B Limited Partner shall have the right to withdraw or Retire voluntarily from the Partnership or sell, assign or encumber his or its Interest without the Consent of the Investor Limited Partner.

Section 8.5. Removal of the Class B Limited Partner

A. The Class B Limited Partner is an Affiliate of the Developer and the Contingent Guarantor. In addition to any other rights granted to the Limited Partners hereunder, the Special Limited Partner shall have the right to remove and replace the Class B Limited Partner in accordance with the provisions of this Section 8.5 if a Class B Default occurs and is not cured within the time period set forth in this Section 8.5.

B. As used in this Section 8.5, “Class B Default” means the occurrence of any of the following events:

(i) a material default by the Developer of any of its obligations under the Development Agreement which is not cured after written notice from the
Investor Limited Partner and which results in a termination of the Development Agreement;

(ii) a material default by the Contingent Guarantor in the performance of any of its obligations under the Contingent Guaranty Agreement.

C. In the event that the Special Limited Partner determines to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5, the Special Limited Partner shall notify the Class B Limited Partner in writing, of the Class B Default that is the cause for the removal of the Class B Limited Partner (any such notice being referred to herein as a “Class B Removal Notice” and the date of such Class B Removal Notice being referred to herein as the “Class B Removal Notice Date”). In the case of any Class B Default described in clauses (i) or (ii) of Section 8.5B above, the Class B Limited Partner shall have thirty (30) business days (or ninety (90) business days if it is a non-monetary default) from the Class B Removal Notice Date to cure the Class B Default; provided, however, that if a non-monetary Class B Default cannot be reasonably cured within ninety (90) business days, the Class B Limited Partner shall not be removed if the Class B Limited Partner commences such cure within ninety (90) business days and proceeds in good faith to cure diligently thereafter, provided that the cure is completed within one hundred fifty (150) business days following the Class B Removal Notice Date (or such lesser period as is required to cure the Class B Default), and the failure to cure such Class B Default within a shorter period does not have a material adverse effect on the Partnership, the Property, or the Investor Limited Partner. If the Class B Limited Partner fails to cure within the specified time period, or if no cure right is afforded under the terms hereof, the removal of the Class B Limited Partner shall be deemed to be effective as of the expiration of any applicable cure period described above; otherwise, such removal shall be effective upon the conclusion of the applicable cure period without a cure of such Class B Default reasonably acceptable to the Investor Limited Partner.

D. If a Class B Limited Partner is removed pursuant to this Section 8.5, the Partnership shall pay to such Class B Limited Partner in the manner set forth in Section 8.5G an amount equal to the amount which the removed Class B Limited Partner would have received under Section 10.1B from a deemed sale of the Project on the Class B Removal Notice Date, based on the Appraised Value of the Project determined under Section 8.5F below minus an amount equal to any Adverse Consequences suffered by the Partnership or the Limited Partners as a result of the acts or omissions of the Class B Limited Partner prior to its removal, including, without limitation, the Class B Default creating the right of the Special Limited Partner to remove the Class B Limited Partner pursuant to the provisions of this Section 8.5. Any transfer taxes that are triggered by the removal and the cost of any additional title insurance or title endorsements deemed to be necessary by the Special Limited Partner as a result of such removal shall be paid by the removed Class B Limited Partner. The resulting amount is referred to herein as the “Class B Removal Purchase Price.” Notwithstanding the foregoing, the Class B Removal Purchase Price shall not be less than zero.

E. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any fees owed to the Class B Limited Partner or its Affiliates (including, without limitation, any unpaid Development Amount) for services performed prior to the Class B Removal Notice Date shall be part of the Class B Removal Purchase Price as
described above, provided, however, that (i) if any Adverse Consequences suffered by the Partnership or the Limited Partners exceed the Class B Removal Purchase Price as calculated pursuant to the provisions of Section 8.5D above, or (ii) there exist any unpaid obligations or liabilities of the Class B Limited Partner that relate to the period up to and including the effective date of the removal of the Class B Limited Partner, any such unpaid fees owed to the Class B Limited Partner or its Affiliates shall, to the extent of any such Adverse Consequences or obligations or liabilities, as the case may be, be treated as if they were paid to the Class B Limited Partner (or such Affiliates) and applied by the Class B Limited Partner (or such Affiliates) to the payment or satisfaction of such Adverse Consequences, obligations or liabilities, and, to the extent of such application, the obligation of the Partnership to make actual cash payments of such fees to the Class B Limited Partner (or such Affiliates) shall be reduced or eliminated, as the case may be.

F. The Appraised Value of the Property shall be determined as follows. As soon as practicable and in any event within ten (10) business days following the effective date of removal as specified in Section 8.5C above, the Class B Limited Partner and the Special Limited Partner shall select a mutually acceptable Independent Appraiser. In the event that the parties are unable to agree upon an Independent Appraiser within such ten (10) business day period, the Class B Limited Partner and the Special Limited Partner each shall select an Independent Appraiser. If either party fails to select an Independent Appraiser within the time period described above, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Value set forth in the lower of the two appraisals, the fair market value shall be the average of the two (2) appraisals. If the difference between the two (2) appraisals is greater than ten percent (10%) of the lower of the two (2) appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Value shall be deemed to be binding on all parties as long as the third determination is between the other two (2) determinations. If the third (3rd) determination is either lower or higher than both of the other two (2) appraisers, then the average of all three (3) appraisers shall be the fair market value. The Partnership and the removed Class B Limited Partner shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 8.5F.

G. In the event of the removal of the Class B Limited Partner pursuant to the provisions of this Section 8.5, any Class B Removal Purchase Price due to the Class B Limited Partner pursuant to the provisions of Section 8.5D above shall be payable from the first available proceeds of a Capital Transaction prior to any other distributions or payments to the Partners under Section 10.1B hereof except for those items listed in clauses First and Second of Section 10.1B.

H. Upon determination of the Class B Removal Purchase Price under the provisions of this Section 8.5, the Partnership and its remaining Partners shall be deemed to be completely released from all liability to such Class B Limited Partner and its Affiliates generally and to any others claiming by or through the Class B Limited Partner or its Affiliates to whom any distributions or loan, fee or other payments are to be made under Article X or otherwise, and the Class B Limited Partner shall be released from any and all obligations to the Partnership and the Partners which arise after the Class B Removal Notice Date. Concurrently with the
determination of the Class B Removal Purchase Price, the Class B Limited Partner shall provide
the Partnership, the successor Class B Limited Partner, if any, and the Investor Limited Partner
with additional written releases from the Class B Limited Partner (and any Affiliates to whom
obligations of any kind are owed by the Partnership, the successor Class B Limited Partner, if
any, the Limited Partners or any of their respective Affiliates) confirming such releases.

I. In the event that the Class B Limited Partner is removed pursuant to the
provisions of this Section 8.5, all agreements between the Partnership and the Class B Limited
Partner and/or its Affiliates shall be terminated and, except for payment of the Class B Removal
Purchase Price due to the Class B Limited (or such Affiliates), the Partnership shall have no
further obligations under such agreements. From and after the effective date of its removal, the
removed Class B Limited Partner shall not be liable for obligations of the Partnership incurred
subsequent to such effective date unless such obligations arise out of acts or omissions of the
Class B Limited Partner prior to such effective date. The removed Class B Limited Partner shall
continue to be liable for all obligations, liabilities, and guarantees incurred by it in its capacity as
the Class B Limited Partner and any Partnership obligations not listed in the prior year's
financial statements or otherwise described in writing to the Special Limited Partner, and for any
Adverse Consequences caused by or arising out of its acts or omissions, prior to the effective
date of its removal. Without limiting the generality of the foregoing, and in addition to any of its
other obligations hereunder, the removed Class B Limited Partner shall continue to be liable for
any payments or advances due to the Limited Partners or the Partnership pursuant to the Capital
Contribution adjustment provisions of Article V as a result of any adjustments determined
thereunder, other than adjustments arising from a Recapture Event subsequent to the effective
date of the removal of the removed Class B Limited Partner.

J. The election by the Special Limited Partner to remove any Class B Limited
Partner pursuant to the provisions of this Section 8.5 shall not limit or restrict the availability and
use of any other remedy that the Special Limited Partner or the Investor Limited Partner may
have with respect to any Class B Limited Partner in connection with its undertakings and
responsibilities under this Agreement, and the exercise by the Special Limited Partner of the
rights granted to it in this Section 8.5 is understood by the parties hereto to be permitted by the
Uniform Act as the exercise of powers not constituting participation in the control of the
business so as to cause the Special Limited Partner (or the Investor Limited Partner) to be liable
for Partnership obligations as a general partner.

K. In the event that any Class B Limited Partner is removed pursuant to the
provisions of this Section 8.5, the removed Class B Limited Partner shall immediately deliver to
the Special Limited Partner all books, records, tax and financial information relating to the
Partnership and the Property that are in the possession or under the control of the Class B
Limited Partner or any of its Affiliates. The Class B Limited Partner agrees that if it fails to
comply with the provisions of this Section 8.5K, the Limited Partners may enforce such
provisions by specific performance, and no portion of the Class B Removal Purchase Price shall
be payable unless the provisions of this Section are fully and promptly complied with.

L. If any Class B Limited Partner fails to comply with any of its obligations under
this Section 8.5 or contests the right of the Special Limited Partner to exercise the removal or
other rights described in this Section 8.5, any costs and expenses incurred by the Limited
Partners in enforcing their rights in this Section 8.5, including, without limitation, reasonable legal fees and expenses, shall be paid by the Class B Limited Partner upon presentation of an itemized statement describing the same, which costs shall be deemed to be Adverse Consequences for purposes of this Section.

M. Notwithstanding the foregoing, in the event a bona fide dispute exists as to the occurrence of a Class B Default, the Class B Limited Partner shall have the right, within twenty (20) days of the Class B Removal Notice Date to submit the matter for non-binding mediation and then Arbitration in Keller, Texas, in accordance with the rules of the American Arbitration Association, and if the arbitrator (the “Arbitrator”) finds that a Class B Default has occurred, the Class B Limited Partner agrees that the Class B Limited Partner will be removed as a Partner from the Partnership; provided, however, that (1) any finding by the Arbitrator shall not be final or binding; (2) the Class B Limited Partner or the Investor Limited Partner, as the case may be, shall have the right, only after the Class B Limited Partner has been removed pursuant to Section 8.5 of this Agreement, to challenge the Arbitrator’s finding in a court of competent jurisdiction; and (3) in no event shall the removal of the Class B Limited Partner be construed as a waiver of such right. In addition to the requirements set forth above, testimony during Arbitration shall be limited to three (3) days per party and the prevailing party shall be entitled to reimbursement for any reasonable attorney’s fees incurred in connection with such Arbitration.

ARTICLE IX

Loans; Mortgage Refinancing; Property Disposition

Section 9.1. General

A. The Partnership shall be authorized to obtain the Mortgage Loans to finance the acquisition, development and construction of the Property and (to the extent permitted by the Lender) shall secure the same by the Mortgages. Except as set forth in the Project Documents as they exist on the date of Investment Closing, each Mortgage shall provide that no Partner or Related Person shall bear the Economic Risk of Loss for all or any part of such Mortgage Loans except for nonrecourse carveouts and indemnification required under Section 3.8 and Article XII of the Bond Loan Agreement.

B. Subject to Section 6.1, the General Partners are specifically authorized, for and on behalf of the Partnership, to execute the Project Documents and any permitted amendments thereto and, subject to the limitations set forth herein, such other documents as they deem necessary or appropriate in connection with the acquisition, development, operation and financing of the Property.

C. All Partnership borrowings shall be subject to Section 6.1, this Article, the Project Documents and the Regulations. To the extent borrowings are permitted, they may be made from any source, including Partners and Affiliates. The Partnership may accept Development Advances as and when permitted pursuant to the Development Agreement, and may issue instruments evidencing Operating Expense Loans and Working Capital Loans.

D. If any Partner shall lend any monies to the Partnership, any such loan shall be unsecured and the amount of any such additional loan shall not be an increase of its Capital
Contribution. Until such time as the General Partners and the Developer shall have performed fully their obligations to make Operating Expense Loans, Working Capital Loans and Development Advances, any loan from a General Partner or an Affiliate of a General Partner shall be an obligation of the Partnership to the Partner or Affiliate only if it constitutes an Operating Expense Loan, Working Capital Loan or Development Advance in accordance with the provisions of this Agreement or the Development Agreement, as applicable and shall be repayable as herein provided. Subject to the preceding sentence, any loans to the Partnership by a General Partner or an Affiliate of a General Partner may be made on such terms and conditions as may be agreed on by the Partnership, consistent with good business practices.

E. Subject to the provisions of this Agreement with respect to related party loans, a limited partner or member (which may include without limitation the Federal Home Loan Mortgage Corporation) in the Investor Limited Partner (such limited partner or member being referred to herein as a “Mortgagee Limited Partner”) at any time may make, guarantee, own acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Property owned by the Partnership (any such loan being referred to as a “Related Mortgage Loan”). Under no circumstances will a Mortgagee Limited Partner be considered to be acting on behalf or as an agent or the alter ego of the Investor Limited Partner. A Mortgagee Limited Partner may take any actions that the Mortgagee Limited Partner, in its discretion, determines to be advisable in connection with its Related Mortgage Loan (including in connection with the enforcement of its Related Mortgage Loan). Each Partner agrees, to the extent permitted by applicable law, that no Mortgagee Limited Partner owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee Limited Partner being a limited partner or member in the Investor Limited Partner. Neither the Partnership nor any Partner will make any claim against a Mortgagee Limited Partner, or against the Investor Limited Partner in which the Mortgagee Limited Partner is a partner or member, relating to a Related Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Partnership or to any Partner based in any way upon the Mortgagee Limited Partner's status as a limited partner or member of the Investor Limited Partner. Notwithstanding any provision to the contrary in this Section 9.1E, the General Partners shall not obtain or consent to any Related Mortgage Loan unless (i) they have obtained the prior Consent of the Investor Limited Partner and (ii) they have determined, based on the financial projections prepared at the time of requesting such Consent and the advice of Investor Tax Counsel, that the Related Mortgage Loan will not result in any reallocation of Tax Credits or other tax benefits among the Partners.

F. Any debt or bond financing or any credit support, guarantee or other financial enhancement of indebtedness related to or for the benefit of the Partnership or the Project (collectively, “Financing”) shall require the consent of the Investor Limited Partner if Fannie Mae has any present involvement (or any contemplated future involvement pursuant to a commitment existing at such time) with or relationship to such Financing. The request for the Investor Limited Partner’s consent shall include the General Partners’ determination, based upon advice of the tax counsel or Accountants for the Partnership, that the Financing from Fannie Mae will not cause any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership.
G. The General Partners shall take any action within their reasonable control necessary to remedy any reallocation or recapture of profits, losses, tax credits or other tax benefits of or among the Partners of the Partnership resulting from any Financing from Fannie Mae related to or for the benefit of the Partnership or the Project.

Section 9.2. Refinancing and Sale

The Partnership may not increase the amount of or otherwise materially modify any Mortgage Loan, obtain any new Mortgage Loan or refinance any Mortgage Loan (other than pursuant to and substantially in accordance with a Mortgage Loan Commitment in existence at Investment Closing) including any required transfer or conveyance of Partnership assets for security or mortgage purposes, and may not sell, lease, exchange or otherwise transfer or convey all or substantially all the assets of the Partnership without the Consent of the Investor Limited Partner and Class B Limited Partner which Consent, after the Compliance Period, shall not be unreasonably withheld. Notwithstanding the foregoing, no such Consent shall be required for the leasing of apartments to tenants in the normal course of operations; provided, however, unless such Consent is obtained the Partnership shall lease the Project in such a manner as to qualify as a “qualified low-income housing project” under Section 42(g)(1) of the Code, and shall lease all of the Low Income Units to Qualified Tenants.

Section 9.3. Sales Commissions

In connection with the sale of the Property by the Partnership, no Person may receive real estate commissions in excess of that which is reasonable, customary, and competitive with those paid in similar transactions in the same geographic area. Real estate commissions may be paid to an Affiliate of the General Partners.

ARTICLE X

Profits, Losses and Distributions

Section 10.1. Distributions Prior to Dissolution

A. Distribution of Cash Flow. Subject to any Requisite Approvals, (i) net rental income generated through the Completion Date shall be includable in Designated Proceeds and shall be available to the Developer and the General Partners for the purposes and subject to the conditions set forth in the Development Agreement and Section 6.8D hereof, (ii) Cash Flow in respect of the period from the Completion Date through the first anniversary of the Completion Date shall be used to pay the Priority Distribution to the Investor Limited Partner, with any balance paid to the Developer as payment of the Deferred Development Fee, and (ii) Cash Flow for each Fiscal Year (or fractional portion thereof) after the first anniversary of the Completion Date shall be distributed, within ninety (90) days after the end of each Fiscal Year, in the following order of priority:

First, to the Investor Limited Partner until the Investor Limited Partner has received distributions under this Section 10.1A (exclusive of distributions pursuant to Clause Second below) equal to the Cumulative Priority Distribution;
Second, to the Investor Limited Partner an amount equal to any theretofore unpaid Tax Credit Shortfall Payments;

Third, to the payment of any Deferred Development Fee and any accrued interest thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the repayment of any Operating Expense Loans or Working Capital Loans then outstanding; and

Fifth, 10% of the balance remaining after Clause Fourth above shall be distributed to the Investor Limited Partner;

Sixth, to the payment of the Incentive Management Fee;

Seventh, any balance shall be used as follows: 83% shall be paid to the Class B Limited Partner, 17% shall be distributed to the General Partner.

B. Distributions of Capital Transaction Proceeds

Prior to dissolution, if the General Partners shall determine that there are proceeds available for distribution from a Capital Transaction, such proceeds shall be applied and distributed as follows:

First, to discharge, to the extent required by any lender or creditor, the debts and obligations of the Partnership (other than items listed in the ensuing clauses of this Section 10.1B);

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner (other than items listed in the ensuing clauses of this Section 10.1B);

Third, to the repayment of any outstanding Deferred Development Fee and any interest accrued thereon; or to the payment to the General Partners of the Capital Contribution made by the General Partners under Section 4.1 hereof;

Fourth, to the payment of any outstanding Operating Expense Loans and any outstanding Working Capital Loans;

Fifth, to the Investor Limited Partner an amount equal to the excess (if any) of (i) the amount of the Cumulative Priority Distribution over (ii) the sum of (a) prior distributions under this Clause Fifth and (b) prior distributions under Clause First of Section 10.1A;

Sixth, to the Investor Limited Partner an amount equal to theretofore unpaid Tax Credit Shortfall Payments;

Seventh, $10,000 to the Special Limited Partner; and
Eighth, the balance of such proceeds, if any, shall be distributed 20% to the Investor Limited Partner, 10% to the General Partner, and 70% to the Class B Limited Partner.

C. Sharing of Distributions

All distributions to the respective classes of the Partners shall be shared by the members of such classes in accordance with the percentages set forth opposite their respective names on the Schedule, except as otherwise provided in this Agreement.

D. Proceeds from Insurance

Notwithstanding the provisions of Sections 10.1A or 10.1B, if the Partnership receives proceeds from the Title Policy, an insurance policy, or as the result of a casualty or condemnation after payment of debts and obligations of the Partnership, such proceeds shall be applied and distributed as follows: first, pursuant to Section 10.1B First; second, pursuant to Section 10.1B Second, third, to the payment to the Investor Limited Partner of an amount equal to 100% of its Net Capital Contribution that has been contributed to date, less the value of the Federal Tax Credits and losses taken and less any cash distributions received under Section 10.1A, and then pursuant to Section 10.1B beginning with Section 10.1B Third.

Section 10.2. Distributions Upon Dissolution

A. Upon dissolution and termination, after payment of, or adequate provision for, the debts and obligations of the Partnership, the remaining assets of the Partnership shall be distributed to the Partners in accordance with the positive balances in their Capital Accounts after taking into account all Capital Account adjustments for the Partnership taxable year, including adjustments to Capital Accounts pursuant to Sections 10.2B and 10.3B. Liquidation distributions shall be made by the end of the taxable year in which the liquidation occurs or, if later, within ninety (90) days after the date of liquidation. In the event that a General Partner or Investor Limited Partner has a negative balance in its Capital Account following the liquidation of the Partnership or its Interest after taking into account all Capital Account adjustments for the Partnership taxable year in which the liquidation occurs, such General Partner shall pay to the Partnership in cash an amount equal to the negative balance in its Capital Account. Such payment shall be made by the end of such taxable year (or, if later, within ninety (90) days after the date of such liquidation) and shall, upon liquidation of the Partnership, be paid to recourse creditors of the Partnership or distributed to other Partners in accordance with the positive balances in their Capital Accounts. Notwithstanding the foregoing, the obligation of the Investor Limited Partner to contribute such deficit shall be zero unless and until it shall notify the Partnership in writing of its election to have a different amount (the “Designated Amount”) apply, which Designated Amount may be increased or reduced (subject to the provisions of the following sentence) by similar written notice from the Investor Limited Partner at any subsequent date. No such notice shall be effective with respect to any Fiscal Year unless the same shall be given prior to the end of such Fiscal Year. No subsequent reduction to the Designated Amount shall reduce the same below the Investor Limited Partner’s deficit balance in its Capital Account (as such Capital Account is increased by the Investor Limited Partner’s share of Partnership Minimum Gain) at the end of the Partnership’s immediately preceding tax year.
B. With respect to assets distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such assets shall be deemed to be profits and losses realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such profits and losses shall be allocated to the Partners in accordance with Section 10.3B, and any property so distributed shall be treated as a distribution of an amount in cash equal to the excess of such fair market value over the outstanding principal balance of and accrued interest on any debt by which the property is encumbered. For the purposes of this Section 10.2B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets, taking into account the fair market value of the associated financing (but subject to Section 7701(g) of the Code), and the Partnership's adjusted basis for such assets as determined under Section 1.704-1(b). This Section 10.2B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 10.2B or elsewhere herein is intended to treat or cause such distributions to be treated as sales for value. The fair market value of such assets shall be determined by an appraiser to be selected by the General Partners with the Consent of the Investor Limited Partner.

Section 10.3. Profits, Losses and Tax Credits

A. Except as otherwise specifically provided in this Article X, for each Fiscal Year or portion thereof, profits, tax-exempt income, losses and non-deductible, non-capitalizable expenditures incurred and/or accrued by the Partnership, shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner and 99.98% to the Investor Limited Partner.

B. Except as otherwise specifically provided in Section 10.4 or elsewhere in this Article X, all profits and losses arising from a Capital Transaction shall be allocated to the Partners as follows:

As to profits:

First, an amount of profit equal to the aggregate negative balances (if any) in the Capital Accounts of all Partners having negative balance Capital Accounts shall be allocated to such Partners in proportion to their negative Capital Account balances until all such Capital Accounts shall have zero balances; and

Second, an amount of profits shall be allocated to each of the Partners until the positive balance in the Capital Account of each Partner equals, as nearly as possible, the amount of cash which would be distributed to such Partner if the aggregate amount in the Capital Accounts of all Partners were cash available to be distributed in accordance with the provisions of Clauses Fifth through Eighth of Section 10.1B.

As to losses:

First, an amount of losses equal to the aggregate positive balances (if any) in the Capital Accounts of all Partners having positive balance Capital Accounts shall be allocated to such Partners in proportion to their positive Capital Account balances until all such Capital Accounts shall have zero balances; provided,
however, that if the amount of losses so to be allocated is less than the sum of the positive balances in the Capital Accounts of those Partners having positive balances in their Capital Accounts, then such losses shall be allocated to the Partners in such proportions and in such amounts so that the Capital Account balances of each Partner shall equal, as nearly as possible, the amount such Partner would receive if an amount equal to the excess of (a) the sum of all Partners' balances in their Capital Accounts computed prior to the allocation of losses under this clause First over (b) the aggregate amount of losses to be allocated to the Partners pursuant to this clause First were distributed to the Partners in accordance with the provisions of Fifth through Eighth of Section 10.1B; and

Second, the balance, if any, of such losses shall be allocated 0.01% to the General Partners, 0.01% to the Class B Limited Partner, and 99.98% to the Investor Limited Partner.

C. If the Partnership (i) incurs recourse obligations or Partner Nonrecourse Debt (including without limitation Operating Expense Loans), (ii) accepts Special Capital Contributions pursuant to Section 6.9 or (iii) incurs losses from extraordinary events which are not recovered from insurance or otherwise (the items referred to in clauses (i), (ii) and (iii) being hereinafter referred to collectively as the "Section 10.3C Items") in respect of any Partnership taxable year, then the calculation and allocation of profits and losses shall be adjusted as follows: first, an amount of deductions (consisting of operating expenses and not cost recovery deductions) attributable to the Section 10.3C Items shall be allocated to the General Partners; and second, the balance of such deductions shall be allocated as provided in Section 10.3A. For purposes of this Section 10.3C, extraordinary events includes casualty losses, losses resulting from liability to third parties for tortious injury, losses resulting from a breach of a legal duty by the Partnership or by the General Partners, and deductions resulting from other liabilities which are not incurred in the ordinary course of business. Nothing in this Section 10.3C shall prevent the Partnership from recovering an extraordinary loss from a General Partner who is liable therefor by law or under this Agreement.

D. If any Section 10.3C Items shall be repaid from cash generated in respect of any Fiscal Year, then the allocation of profits and losses under Section 10.3A for such Fiscal Year shall be adjusted as follows: first, the General Partners shall be allocated an amount of the gross income of the Partnership equal to the lesser of (i) the amount of items of loss or expense previously allocated to the General Partners under Section 10.3C and not previously offset by allocations of gross income under this Section 10.3D or items thereof and (ii) the amount of the Section 10.3C Items repaid in such year and second, all remaining gross income and all expenses shall be allocated as provided in Section 10.3A. Nothing in this Section 10.3D shall be construed to authorize the return of Special Capital Contributions. This section shall be applied in conjunction with Section 10.4B to avoid the double allocation of gain under such sections when Operating Expense Loans are repaid.

E. Notwithstanding the foregoing provisions of Sections 10.3.A and 10.3.B, in no event shall any losses be allocated to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Partnership taxable year, the negative balance in such Limited
Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share of Partner Nonrecourse Debt Minimum Gain plus the amount, of such Limited Partner's Designated Amount (as specified in accordance with Section 10.2A). Any losses which are not allocated to the Limited Partners by virtue of the application of this Section 10.3E shall be allocated as required under Treasury Regulation Section 1.704-1(b). For purposes of this Section 10.3E, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

F. The terms “profits” and “losses” used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the Partnership and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for federal income tax purposes shall be allocated in the same manner as profits and losses under Section 10.3 except as provided in Section 10.5B.

G. Tax credits under Section 42 of the Code shall be allocated among the Partners in the same manner as the deductions attributable to the expenditures creating the tax credit are allocated among the Partners in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii).

Section 10.4. Minimum Gain Chargebacks and Qualified Income Offset

A. If there is a net decrease in Partnership Minimum Gain during a Partnership taxable year, each Partner will be allocated items of income and gain for such year (and, if necessary, subsequent years) in the proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during the year. A Partner is not subject to this Partnership Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f) under Section 704 of the Code.

B. If there is a net decrease in Partner Nonrecourse Debt Minimum Gain during a Partnership taxable year, then each Partner with a share of the minimum gain attributable to such debt at the beginning of such year will be allocated items of income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain during the year. A Partner is not subject to this Partner Nonrecourse Debt Minimum Gain chargeback to the extent that any of the exceptions provided in Treasury Regulation Section 1.704-2(f)(2)-(5) apply. Such allocations shall be made in a manner consistent with the requirements of Treasury Regulation Section 1.704-2(f)(4) under Section 704 of the Code.

C. If a Limited Partner unexpectedly receives in any taxable year (1) any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) or (2) a distribution, and such adjustment, allocation and/or distribution would cause the negative balance in such Partner's Capital Account to exceed (i) such Partner's share of Partnership Minimum Gain plus (ii) such Partner's share of Partner Nonrecourse Debt Minimum Gain and (iii) the amount of such Partner's obligation, if any, to
restore a deficit balance in his Capital Account, then such Partner shall be allocated items of income and gain in an amount and manner sufficient to eliminate such negative balance as quickly as possible. For purposes of this Section 10.4C, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items.

Section 10.5. Special Provisions

A. Except as otherwise provided in this Agreement, all profits, losses, credits and distributions shared by the respective classes composed of the Special Limited Partner and the General Partners shall be allocated among the members of such class in accordance with the percentages set forth opposite their respective names in the Schedule. Subject to the provisions of Section 13.8, the Investor Limited Partner and Special Limited Partner each shall be deemed to have been admitted to the Partnership as of the first day of the month during which its actual admission occurs for purposes of allocating profits and losses.

B. Income, gain, loss and deduction with respect to property which has a variation between its basis computed in accordance with Treasury Regulation Section 1.704-1(b) and its basis computed for federal income tax purposes shall be shared among the Partners for tax purposes so as to take account of such variation in a manner consistent with the principles of Section 704(c) of the Code and Treasury Regulation Sections 1.704-1(b)(2)(iv)(g) and 1.704-3.

C. If the Partnership shall receive any purchase money indebtedness in partial payment of the purchase price of the Project and such indebtedness is distributed to the Partners pursuant to the provisions of Section 10.1B or Section 10.2, the distributions of the cash portion of such purchase price and the principal amount of such purchase money indebtedness hereunder shall be allocated among the Partners in the following manner: On the basis of the sum of the principal amount of the purchase money indebtedness and cash payments received on the sale (net of amounts required to pay Partnership obligations and fund reasonable reserves), there shall be calculated the percentage of the total net proceeds distributable to each class of Partners based on Section 10.1B or Section 10.2, as applicable, treating cash payments and purchase money indebtedness principal interchangeably for this purpose, and the respective classes shall receive such respective percentages of the net cash purchase price and purchase money principal. Payments on such purchase money indebtedness retained by the Partnership shall be distributed in accordance with the respective portions of principal allocated to the respective classes of Partners in accordance with the preceding sentence, and if any such purchase money indebtedness shall be sold, the sale proceeds shall be allocated in the same proportion.

D. In the event that any fee payable to any General Partner or any Affiliate shall instead be determined to be a non-deductible, non-capitalizable distribution from the Partnership to a Partner for federal income tax purposes, then there shall be allocated to such General Partner an amount of gross income equal to the amount of such distribution.

E. Notwithstanding any provision to the contrary in this Article X, funds of the Partnership constituting Designated Proceeds shall be applied to pay Development Costs and the Development Amount in accordance with the provisions of this Agreement, the Development Agreement and the Project Documents.
F. In applying the provisions of this Article X with respect to distributions and allocations, the following ordering of priorities shall apply:

1. Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.
2. Capital Accounts shall be reduced by distributions of Cash Flow under Section 10.1A.
3. Capital Accounts shall be reduced by distributions from Capital Transactions under Section 10.1B.
4. Capital Accounts shall be increased by any minimum gain chargeback under Section 10.4A or 10.4B.
5. Capital Accounts shall be increased by any qualified income offset under Section 10.4C.
6. Capital Accounts shall be increased by allocations of profits under Section 10.3A.
7. Capital Accounts shall be reduced by allocations of losses under Section 10.3A.
8. Capital Accounts shall be reduced by allocations of losses under Section 10.3B.
9. Capital Accounts shall be increased by allocations of profits under Section 10.3B.

G. For purposes of determining each Partner's proportionate share of excess Partnership Nonrecourse Liabilities pursuant to Treasury Regulation Section 1.752-3(a)(3), the Investor Limited Partner shall be deemed to have a 99.98% interest in profits of the Partnership, the Class B Limited Partner shall be deemed to have a 0.01% interest in profits of the Partnership, and the General Partners shall be deemed to have a 0.01% interest in profits of the Partnership.

H. To the maximum extent permitted under the Code, allocations of profits and losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Section 10.4 had not occurred. Furthermore, if for any Fiscal Year the application of the provisions of Section 10.4 would cause a distortion in the economic sharing arrangement among the Partners and it is not expected that the Partnership will have sufficient other income to correct that distortion, the General Partners may request a waiver from the Service of the application in whole or in part of Section 10.4 in accordance with Treasury Regulation Section 1.704-2(f)(4). Notwithstanding any provision to the contrary in this Section 10.5H, depreciation deductions shall in all events be allocated 99.98% to the Investor Limited Partner, 0.01% to the General Partners, and 0.01% to the Class B Limited Partner.
I. To the extent that interest on obligations to any General Partner or its Affiliates is determined to be deductible by the Partnership in excess of the stated amount of interest payable thereunder, the corresponding additional interest deduction shall be allocated solely to such General Partner.

J. Any interest income earned by the Partnership on any and all reserve, escrow or other accounts prior to the Completion Date shall be specially allocated to the General Partner.

K. Nonrecourse deductions as defined in Treasury Regulation Section 1.704-2(b)(1) for any Fiscal Year shall be allocated 99.98% to the Investor Limited Partner, 0.01% to the Class B Limited Partner, and 0.01% to the General Partners.

L. Any partner nonrecourse deductions as determined under Treasury Regulation Sections 1.704-2(i)(2) and 1.704-2(k) with respect to Partner Nonrecourse Debt for any Fiscal Year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such deductions are attributable in accordance with Treasury Regulation Section 1.704-2(b)(4) and 1.704-2(i).

M. The Partnership and its Partners shall be permitted to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

ARTICLE XI

Management Agent

Section 11.1. Management Agent

The General Partners shall have responsibility for obtaining a Management Agent acceptable to the Investor Limited Partner and each Lender and Governmental Agency to manage the Project in accordance with the requirements of each Lender and Governmental Agency. The General Partners shall cause the Partnership to enter into the Management Agreement with the Management Agent, which may be an Affiliate of a General Partner or the Class B Limited Partner; provided, however, that in the event that the Management Agreement is with an Affiliate of a General Partner, the Management Agreement shall provide that the Management Agent shall be removed and the Management Agreement shall be terminated if the General Partner is removed pursuant to this Agreement. The initial Management Agent shall be Alpha-Barnes Real Estate Services. Subject to the Regulations, the Management Agent shall be entitled to receive a reasonable and competitive Management Fee (determined by reference to arm's-length property management arrangements for comparable properties in force in the general locality of the Project) initially of the lesser of 3.5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender. Notwithstanding the foregoing however, the General Partner in its reasonable discretion (with the approval of the Class B Limited Partner) and upon its determination that project revenues are sufficient to support the payment of a higher Management Fee may increase such Management Fee to an
amount which will not exceed the lesser of 5% of gross rental income or the maximum amount permitted by any relevant Governmental Agency or Lender.

If at any time after the Completion Date:

(i) the Project shall be subject to any substantial building code violation which shall not have been cured within ninety (90) days after notice from the applicable Governmental Agency or department or unless such violation is being validly contested by the General Partners by proceedings which operate to prevent any fines or criminal penalties from being levied against the Partnership or unless, in the case of any such violation not susceptible of cure within such ninety (90)-day period, the General Partners are diligently making reasonable efforts to cure the same,

(ii) operating revenues of the Project in respect of any period of twenty-four (24) consecutive calendar months after the Completion Date shall be insufficient to permit the Partnership to pay when due on a current basis all Partnership obligations in respect of such twenty-four (24)-month period,

(iii) the Project ceases to qualify as a "qualified low-income housing project" under Section 42(g) of the Code or any Low Income Unit in the Project ceases to qualify as a "low income unit" under Section 42(i)(3) of the Code,

(iv) a Recapture Event shall have occurred, or

(v) the Management Agent or its agents or employees have demonstrated incompetence or malfeasance in the management of the Project, or

(vi) the Special Limited Partner has elected to remove a General Partner that is an Affiliate of the Management Agent pursuant to the provisions of Section 7.7,

then the General Partners shall forthwith give to the Special Limited Partner notice of such event, (a "Management Default Notice") and thereafter the Partnership shall, subject to any Requisite Approvals, forthwith terminate its management agreement with the Management Agent, unless the approval of the Special Limited Partner is obtained to the retention of the Management Agent. Upon any termination, the General Partners shall immediately proceed to select a qualified Person as the new Management Agent (which, in the event the terminated Management Agent was an Affiliate of a General Partner, shall be unaffiliated with any General Partner) as the new Management Agent for the Property, which selection shall be subject to the Consent of the Investor Limited Partner and any Requisite Approvals; and, after such selection, no Management Fee shall be payable to any Person which is an Affiliate of a General Partner unless the management contract with any such Person shall provide for the right of the Partnership to terminate the same upon the occurrence of the circumstance described in this Article XI.
Section 11.2. Special Power of Attorney

If an event described in clauses (i) through (vi) of Section 11.1 above occurs and the General Partner fails to send a Management Default Notice to the Special Limited Partner within the ten (10) days of the date the General Partner became aware of such event, the Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to take such action, and to execute and deliver such documents on behalf of the Partners and the Partnership, as shall be legally necessary and sufficient to effect the provisions of this Article XI.

ARTICLE XII

Books and Reporting, Accounting, Tax Election, Etc

Section 12.1. Books, Records and Reporting

A. The General Partners shall keep or cause to be kept a complete and accurate set of books and supporting documentation with respect to the Partnership's business. The books of the Partnership shall be kept on the accrual basis. The books and records of the Partnership (including all records required to be maintained under the Uniform Act) shall at all times be maintained at the offices of the Developer until the Completion Date, and thereafter at the principal office of the Partnership. Each Partner, its duly authorized representatives and any regulatory authority which regulates such Partner shall have the right to examine the books of the Partnership and all other records and information concerning the Partnership and the Project at reasonable times. The books and records of the Partnership shall include, without limitation, copies of the following: (i) the Partnership's federal, state and local income tax or information returns and reports, if any, and all related back-up documentation for ten (10) years from the date of production and (ii) financial statements of the Partnership for ten (10) years from the date of production.

B. The books of the Partnership shall be examined by the Accountants in accordance with generally accepted auditing standards annually as of the end of each Fiscal Year of the Partnership. The General Partners shall prepare a balance sheet as of the end of each such year and statements of income, partners' equity and cash flows for such year. Said balance sheet and statements shall be accompanied by the opinion of the Accountants that said balance sheet and statements have been prepared in accordance with generally accepted accounting principles applied consistently with prior periods identifying any matters to which the Accountants take exception and stating, to the extent practicable, the effect of each such exception on such financial statements. As a note to such financial statements, the General Partners shall prepare a schedule of all loans to the Partnership (to be reviewed by the Accountants), setting forth the purpose of such loan and Section of this Agreement or the Development Agreement under which such loan was obtained. Such schedule shall demonstrate that loans have been made, used, carried on the books of the Partnership (and repaid, if applicable) in accordance with the provisions of this Agreement and the Development Agreement. In addition, after the first year in which the Accountants examine the financial statements of the Partnership after completion of the Project, the depreciation schedule for that year and all future years, along with the depreciation worksheet, shall be prepared by the General Partners, reviewed by the Accountants and furnished to the Investor Limited Partner. The General Partners shall, promptly upon receipt
of such balance sheet and statements and in any event within sixty (60) days after the end of each 
Fiscal Year, transmit to the Investor Limited Partner a copy thereof. The Accountants shall also 
review and sign the federal and state income tax returns of the Partnership. In connection with 
the preparation of such tax returns, the General Partners shall seek and obtain the advice of the 
Special Limited Partner with respect to material allocations of assets for cost recovery purposes. 
The General Partners shall complete the books of the Partnership in such time as will allow the 
Accountants to complete such tax returns within forty-five (45) days after the end of such Fiscal 
Year. The General Partners shall cause such tax returns to be filed within such time periods and 
shall immediately upon the filing thereof transmit to the Investor Limited Partner a copy of 
Schedule K-1. If the General Partners fail to complete such tax returns and to transmit such 
Schedule K-1 to the Investor Limited Partner within such time periods, shall fail to transmit the 
annual balance sheet and financial statements to the Investor Limited Partner within the time 
period set forth above or shall fail to deliver any of the information required by Section 12.1E 
within twenty (20) days after the end of any applicable quarter of the Partnership's Fiscal Year, 
the General Partners shall pay as damages the sum of $250 per day (plus interest equal to the 
lesser of (i) the highest prime rate as published in the Wall Street Journal (or any comparable 
presentation selected by the Investor Limited Partner in its reasonable discretion if the Wall Street 
Journal ceases to publish such index) plus 3%, with calculations of interest to be made on a daily 
basis and on the basis of a three hundred sixty (360)-day year and (ii) the maximum rate allowed 
by law) to the Investor Limited Partner until such Schedule K-1, and financial statements and 
information required pursuant to Section 12.1E are received by the Investor Limited Partner. 
Such damages shall be paid forthwith by the General Partners and failure to so pay shall 
constitute a default of the General Partners under Section 6.3C. In addition, if the General 
Partners fail to so pay, the Investor Limited Partner may deduct any unpaid damages from any 
portion of its Capital Contribution not yet paid, or if such Capital Contribution has been fully 
paid then the General Partners and their Affiliates shall forthwith cease to be entitled to any Cash 
Flow or to the payment of any fees which are payable from Cash Flow as provided in Section 
10.1A ("Cash Flow Fees"). Such payments of Cash Flow and Cash Flow Fees shall only be 
restored upon the payment of such damages in full and any amount of such damages not so paid 
shall be deducted against payments of the Cash Flow and Cash Flow Fees otherwise due to the 
General Partners or their Affiliates.

Such reports and estimates shall clearly indicate the methods under which they were 
prepared and shall be made at the expense of the Partnership.

C. If the General Partners fail to complete such tax returns and submit such 
Schedules K-1 on a timely basis, the Investor Limited Partner may select a firm of accountants 
who shall prepare such returns and Forms K-1. The General Partners shall immediately furnish 
all necessary documentation and other information to prepare such tax returns and such 
Schedules K-1 to such accountants.

D. Every Limited Partner shall at all times have access to the records of the 
Partnership and may inspect and copy any of them. A list of the names and addresses of all of 
the Limited Partners shall be maintained as part of the books and records of the Partnership and 
shall be mailed to any Limited Partner upon request. A reasonable charge for copy work may be 
charged by the Partnership. Within a reasonable time following receipt of a written direction 
from the Investor Limited Partner, the General Partners shall furnish copies of information or

- 72-
reports required to be maintained or prepared pursuant to this Article XII to members or limited partners of the Investor Limited Partner. Any such direction shall specifically identify the information or reports requested and the name and address of each member or limited partner of the Investor Limited Partner to receive the same.

E. Within fifteen (15) days following the end of each of the first three (3) quarters of each Fiscal Year (and, if and to the extent specifically requested in writing by the Investor Limited Partner, within twenty (20) days following the end of such Fiscal Year), the Managing General Partner shall send to each Person who was a Limited Partner at any time during such quarter one or more reports which, taken together, provide the following information (which need not be audited): (i) a balance sheet as at the end of such quarter; (ii) a statement of income for such quarter on the cash as well as accrual bases; (iii) a statement of cash available for distribution and reserves for such quarter; (iv) a statement describing (a) any new agreement, contract or arrangement between the Partnership and a General Partner or an Affiliate of a General Partner except for payroll and related benefits paid to the Management Company, (b) the amount of all fees and other compensation and distributions and reimbursed expenses paid by the Partnership for the quarter to any General Partner or Affiliate of a General Partner, and (c) the amount of all distributions of Cash Flow and Capital Transaction proceeds made to Partners; and (v) a report of the significant activities of the Partnership during the fiscal quarter. Each quarterly report shall also contain a certification by the General Partner that the Partnership or the General Partner has not received any notice or has been cited by or otherwise warned in writing of any “Violation” (as hereinafter defined) by any Governmental Agency, which Violation could have a materially adverse impact on any of them. For purposes of this certification, a Violation shall mean any act or omission complained of which, if uncured, would be in violation of (a) any applicable statute, code, ordinance, rule or regulation, (b) any agreement or instrument to which the Governmental Agency and the Partnership or the General Partner is a party or to which the Project is subject, (c) any license or permit, or (d) any judgment, decree or order of a court. Any exceptions to the foregoing shall be described in such certification. In addition, if requested by the Investor Limited Partner in writing, within a reasonable time after receipt of such a request, each General Partner shall send to the Investor Limited Partner such recent financial statements (including a balance sheet and statement of income) as shall have been so requested.

F. The General Partners shall provide the Investor Limited Partner and the Class B Limited Partner with (i) a copy of each draw request for construction or development costs as such requests are made to the Lender; (ii) a copy of each inspection report, evaluation or similar report issued to the Partnership by any Governmental Agency or Lender (including without limitation any REAC inspection reports, if applicable) promptly upon receipt thereof; (iii) a copy of each low-income housing tax credit compliance report delivered to or prepared by the applicable tax credit monitoring agency or agencies with respect to the Project; (iv) prompt notice of any casualty or other significant adverse event relating to the Partnership; (v) evidence of insurance, (vi) at least annually, a schedule setting forth the adjustments necessary, if any, to state the income of the Partnership using the longer depreciable lives available under generally accepted accounting principles (rather than the depreciable lives used for federal income tax purposes), and (vii) such other information as the Investor Limited Partner may specifically request from time to time with regard to the business or operations of the Partnership. The
General Partner shall authorize the Developer to execute draw requests on behalf of the Partnership.

G. By the fifteenth (15th) day of each month prior to the Development Obligation Date, the Class B Limited Partner shall provide the Investor Limited Partner with a brief written summary of the status of the construction, development, lease-up and operations of the Project during the prior month.

H. An annual pro forma operating budget for the succeeding calendar year shall be prepared by the General Partners and furnished to the Investor Limited Partner by November 30 of each year. In addition, the General Partners shall prepare and furnish to the Investor Limited Partner an estimate of the profits and losses of the Partnership for federal income tax purposes for the current Fiscal Year not later than September 30 of each year.

I. Within thirty (30) days following the close of the first year of the Credit Period with respect to the Project, the Class B Limited Partner shall provide the Investor Limited Partner with a copy (in electronic form, if feasible) of all records establishing the qualification of tenants under Section 42 of the Code.

J. The General Partners shall furnish to the Investor Limited Partner a radon gas test measurement report and conclusion (a "Radon Report") for each Building upon completion of construction or rehabilitation thereof, unless the Project is located in a county in the lowest risk EPA radon map Zone 3. The Radon Report must come from a radon service professional who (i) meets state-specific requirements, if any, for providing such Radon Reports, and (ii) has a proficiency listing, accreditation or certification in radon test measurement from either (a) The National Environmental Health Association ("NEHA") National Radon Proficiency Program or (b) The National Radon Safety Board ("NRSB"). Alternatively, a Radon Report from an environmental professional who lacks such a proficiency listing, accreditation or certification from NEHA or NRSB may be acceptable if it follows state-specific requirements and EPA recommendations and protocols set forth in the following EPA publications: Protocols for Radon and Radon Decay Product Measurements in Homes (EPA 402-R-93-003, June, 1993) and the Indoor Radon and Radon Decay Product Measurement Device Protocols (EPA 402-R-92-004, July, 1992), which protocols are summarized at www.aircheck.com. If the Radon Report demonstrates that the radon gas level for a Building exceeds the EPA standard for radon action or remediation then in effect, the General Partners shall install a radon mitigation system or take other recommended mitigation measures and shall provide a follow-up Radon Report to confirm effectiveness.

K. The General Partners will notify the Partners of any "reportable transaction" under Treasury Regulation Section 1.6011-4 in which the Partnership shall engage.

Section 12.2. Bank Accounts

Subject to any Requisite Approvals, the bank accounts of the Partnership shall be maintained in such banking institutions as the General Partners shall determine and withdrawals shall be made only in the regular course of Partnership business on the signature of the Managing General Partner. All deposits and other funds not needed in the operation of the business shall be
deposited, to the extent permitted by the Lender and the Governmental Agency, in interest-bearing accounts or invested in short-term United States Government obligations maturing within one (1) year.

Section 12.3. Elections

Unless the Consent of the Investor Limited Partner is obtained permitting a different treatment, and except to the extent otherwise required by Section 168(g)(1)(B) of the Code, the Partnership shall depreciate its residential rental property, site improvements and personal property costs, respectively, over twenty-seven and a half (27.5) years, fifteen (15) years and seven (7) years for federal income tax purposes and over forty (40) years, twenty (20) years and ten (10) years (or over such other relevant useful lives as the Accountants shall deem appropriate) for financial accounting purposes. Subject to the provisions of Section 12.4, all other elections required or permitted to be made by the Partnership under the Code shall be made by the General Partners in such manner as they consider to be most advantageous to the Limited Partners.

Section 12.4. Special Adjustments

In the event of (i) a transfer of all or any part of any Interest or (ii) an election pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) is made by the Investor Limited Partner, the Partnership shall elect, if requested by the transferee or by the Investor Limited Partner (as the case may be), pursuant to Section 754 of the Code (or corresponding provisions of succeeding law) to adjust the basis of Partnership assets. Notwithstanding anything to the contrary contained in Article X, any adjustments made pursuant to said Section 754 shall affect only the successor in interest to the transferring Partner. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

Section 12.5. Fiscal Year

The Fiscal Year of the Partnership shall be the calendar year unless a different year is required by the Code.

ARTICLE XIII

General Provisions

Section 13.1. Notices

Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or similar overnight delivery service, (iii) transmitted by telex or other facsimile transmission, answerback requested, or (iv) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:
If to the Partnership, at the principal office of the Partnership set forth in Section 2.2, if to a Partner, at its address set forth in the Schedule, with copies to MMA Financial TC Corp., 101 Arch Street, Boston, MA 02110, Attention: Asset Management Department; MMA Financial TC Corp., 101 Arch Street, Boston, MA 02110, Attention: Legal Department; James E. McDermott, Esq., Holland & Knight LLP, 10 St. James Avenue, Boston, MA 02116; Barry Palmer, Esq., Coats, Rose, Yale, Ryman & Lee, 3 Greenway, Suite 2000, Houston, TX 77046; and Michael Eaton, Esq., Eaton, Deaguero & Bishop, PLLC, 1111 West Mockingbird, Suite 1150, Dallas, TX 75247; and if to the Servicing Agent or Bond Lender, Attn: Director, Asset Management, MuniMae Portfolio Services, LLC, 621 East Pratt Street, Third Floor, Baltimore, MD 21202, Attention: Director, Asset Management, with a copy to Stephen A. Goldberg, Esq., Gallagher Evelius & Jones LLP, 218 North Charles Street, Suite 400, Baltimore, MD 21201.

Section 13.2. Word Meanings

The words such as “herein,” “hereinafter,” “hereof,” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Any references to “Sections” or “Articles” are to Sections or Articles of this Agreement, unless reference is expressly made to a different document. A defined term (i) has the same meaning throughout this Agreement, (ii) may appear in this Agreement before its definition, and (iii) applies to all grammatical variations of the term also shown with initial capital letters (e.g., the definition of the noun “Affiliate” also applies to the verb “affiliated” and the adjective “unaffiliated”). The word “including” does not exclude items not listed.


The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement. Subject to the preceding sentence and except with regard to the Fleet Pledge, none of the provisions of this Agreement shall be for the benefit of any lender or any other Person who is not a Partner.

Section 13.4. Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State.

Section 13.5. Counterparts

This Agreement may be executed in several counterparts and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the original or the same counterpart.

Section 13.6. Paragraph Titles

Paragraph titles and any table of contents herein are for descriptive purposes only, and shall not affect the meaning of this Agreement as set forth in the text.
Section 13.7. Separability of Provisions; Rights and Remedies; Arbitration

A. Each provision of this Agreement shall be considered separable and (i) if for any reason any provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid, or (ii) if for any reason any provisions herein would cause the Limited Partners to be bound by the obligations of the Partnership under the laws of the State as the same may now or hereafter exist, such provisions shall be deemed void and of no effect.

B. Each of the parties hereto irrevocably waives during the term of the Partnership (including any periods during which the business of the Partnership is required to be continued under Article VII) any right (i) that such party may have to maintain any action for partition with respect to the property of the Partnership, and (ii) to commence an action seeking dissolution of the Partnership (unless the Consent of the Investor Limited Partner has been obtained).

C. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention that the respective rights and obligations of the Partners shall be enforceable in equity as well as at law or otherwise.

D. In any instance in which any matter is to be determined by arbitration, such matter shall be submitted in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in Keller, Texas, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such arbitration shall be borne equally by the parties thereto, except that each party shall bear the cost of its legal counsel.

E. Each Partner and each Guarantor irrevocably:

(i) agrees that any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby shall be brought in the courts of record of Tarrant County of the State of Texas or the courts of the United States located in Fort Worth, Texas;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding;

(iii) waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and
(iv) waives its right to a jury trial with respect to any suit, action or other legal proceeding arising out of this Agreement, any of the Related Agreements or any of the transactions contemplated hereby or thereby.

Section 13.8. Effective Date of Admission

Any Partner admitted to the Partnership during any calendar month shall be deemed to have been admitted as of the first day of such calendar month for all purposes of this Agreement including the allocation of profits, losses and credits under Article X; provided, however, that if regulations are issued by the Service or an amendment to the Code is adopted which would require, in the opinion of the Accountants, that a Partner be deemed admitted on a date other than as of the first day of such month, then the General Partners shall select a permitted admission date which is most favorable to the Partner.

Section 13.9. Delivery of Certificate

Promptly upon the filing of the Certificate and each amendment thereto in the appropriate filing office, the General Partners shall deliver or mail a copy thereof to each Limited Partner.

Section 13.10. Additional Information

At the request of the Investor Limited Partner, the General Partners shall furnish to the Investor Limited Partner: (i) plans and specifications for the Project; (ii) manuals, booklets and other documents describing the location and operation of all systems within the Project, including without limitation heating, air conditioning, elevator, electrical and plumbing systems; (iii) a list and copies of all agreements concerning the maintenance, operation and management of the Project; and (iv) such other information regarding the Partnership, the Project or the Related Agreements as the Investor Limited Partner may reasonably request.

Section 13.11. Further Documents and Actions

The Partners agree that they shall, from time to time, execute and deliver such further documents and do such further actions and things as may be reasonably requested by any other such party in order to effect fully the purposes of this Agreement and each other agreement or instrument identified on the Document Schedule.

Section 13.12. Brokers or Finders

The parties hereto agree that no broker or finder has any claim for commissions or fees in connection with the transaction embodied herein. The General Partners shall jointly and severally indemnify the Limited Partners against any brokers' or finders' fees or commissions claimed through the General Partners or their Affiliates in connection with the transactions contemplated hereby, including without limitation fees or commissions claimed by any syndicator or consultant engaged by the General Partners or any of their Affiliates. Fees payable to MMA are not covered hereby.
Section 13.13. Amendment

This Agreement may only be amended in writing signed by the General Partner, the Investor Limited Partner, the Special Limited Partner, and the Class B Limited Partner (with a copy to the Servicing Agent). All parties agree that no oral agreements or course of conduct of the parties shall be deemed to be an amendment to this Agreement unless in writing signed as described above. So long as the Fleet Pledge is outstanding, any amendment of those provisions herein of which Fleet, as Agent, is a third party beneficiary, or any other amendment to any other provision herein which would materially affect Fleet's rights and priorities as Agent under the Fleet Pledge, shall require the prior written consent of Fleet. Fleet, as Agent, is an intended third party beneficiary of this section.
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: [Signature]
Name: [Name]
Title: [Title]

INVESTOR LIMITED PARTNER: MMA EVERGREEN AT KELLER, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: [Signature]
Name: [Name]
Title: Vice President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: [Signature]
Name: [Name]
Title: Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Forslund, President

ORIGINAL (AND WITHDRAWING) LIMITED PARTNER:

By: Bradley E. Forslund

DEVELOPER (for purposes of Section 7.7) CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

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<tr>
<th>Role</th>
<th>Name and Details</th>
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<td>LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member</td>
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<td>INVESTOR LIMITED PARTNER:</td>
<td>MMA EVERGREEN AT KELLER, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation</td>
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<td>Name: James S. Daily, Jr.</td>
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<td>SPECIAL LIMITED PARTNER:</td>
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<td>DEVELOPER (for purposes of Section 7.7)</td>
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<td>By: Bradley E. Forslund, President</td>
</tr>
</tbody>
</table>
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed under seal as of the day and year first above written.

GENERAL PARTNER: LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: 
Name: 
Title: 

INVESTOR LIMITED PARTNER: MMA EVERGREEN AT KELLER, LLC, a Delaware limited liability company, by its manager, West Cedar Managing, Inc., a Massachusetts corporation

By: 
Name: 
Title: Vice President

SPECIAL LIMITED PARTNER: MMA SPECIAL LIMITED PARTNER, INC., a Florida corporation

By: 
Name: 
Title: Authorized Representative

CLASS B LIMITED PARTNER: CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: Bradley E. Foralund, President

DEVELOPER (for purposes of Section 7.7): CHURCHILL COMMUNITIES, L.P., a Texas limited partnership, by its general partner, Churchill Residential, Inc., a Texas corporation

By: Bradley E. Foralund, President
### Exhibit A

**KELLER SENIOR COMMUNITY, L.P.**

**SCHEDULE OF PARTNERS**

As of January 1, 2005

<table>
<thead>
<tr>
<th>Name and Business Address</th>
<th>Capital Contributions</th>
<th>Percentage of Partnership Interests for Class</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LifeNet-Keller GP, LLC</td>
<td>$100</td>
<td>100%</td>
</tr>
<tr>
<td>10405 Northwest Highway, Suite 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas, TX 75238</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 221-5433 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 932-1978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS B LIMITED PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchill Residential, Inc.</td>
<td>$10.00</td>
<td>100%</td>
</tr>
<tr>
<td>5606 N. MacArthur Blvd., Suite 580</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irving, TX 75038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 720-0430 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(214) 720-0434 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SPECIAL LIMITED PARTNER:</strong></td>
<td>$10.00</td>
<td>100%</td>
</tr>
<tr>
<td>MMA Special Limited Partner, Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101 Arch Street</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston, MA 02110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(617) 439-3911 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INVESTOR LIMITED PARTNER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMA Evergreen at Keller, LLC</td>
<td>$4,847,000*</td>
<td>100%</td>
</tr>
<tr>
<td>101 Arch Street</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boston, MA 02110</td>
<td></td>
<td></td>
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<tr>
<td>(617) 439-3911 (Telephone No.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(617) 439-9978 (Fax No.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Payable in accordance with Article V.
Exhibit B

DOCUMENT SCHEDULE FOR

KELLER SENIOR COMMUNITY, L.P.

List of Related Agreements:

1. Partnership Agreement;
2. Development Agreement;
3. Incentive Management Agreement;
4. Investment Assumptions;
5. Guaranty Agreement;
6. Contingent Guaranty Agreement;
7. Closing Certificate;
8. Opinion of Local Counsel;
9. MTE Pledge Agreement;
10. TLTA Owner's Policy of Title Insurance (dated within ten (10) days of closing or date of Bond Loan closing, if later) in amount of $18,047,000 with any and all relevant endorsements available in Texas;
11. Tax Credit Approval;
12. Balance Sheet of Partnership (unaudited, dated as of closing date);
13. Financial Statements of General Partner (dated not earlier than December 31, 2003);
14. Financial Statements of Guarantor (dated not earlier than December 31, 2003);
15. Insurance Certificates (satisfying requirements of Section 6.4A and Exhibit C of Partnership Agreement);
16. Evidence of Lender/Governmental Agency required consents satisfactory to the Investor Limited Partner;
17. Environmental Site Assessment satisfactory to the Investor Limited Partner;
18. Engineering Report satisfactory to the Investor Limited Partner;
Exhibit C

Insurance Requirements

I. General Insurance Requirements

The following are construction period and permanent insurance requirements. This outline describes the minimum types and amounts of insurance that are satisfactory to the Special Limited Partner:

i. Partnership’s Commercial General Liability Insurance (Bodily Injury and Property Damage);

ii. During the construction period, a special form, Builder’s Risk policy (written on a completed value form with an agreed value endorsement) and, thereafter, Partnership’s Property Insurance;

iii. Partnership’s Automobiles/Hired and Non-Owned Liability Insurance;

iv. Insurance for boiler and machinery (if applicable), in the amount of full replacement cost. To be written on a comprehensive form, and to include loss of rents with a maximum of “24 hour” deductible with a mechanical breakdown endorsement;

v. Insurance for flood if project is located within a 100-year flood plain (FEMA Flood Zone “A” – or any sub-designation of Zone “A”). Policies must be obtained through the National Flood Insurance Plan (NFIP) in an amount equal to the full replacement cost or, if that is not available, the maximum amount of insurance available under the NFIP with a deductible not to exceed 2% of the total insured value per building. An excess Flood or Difference in Conditions (DIC) policy should provide for the difference, if any, between the maximum limit provided by NFIP policies and the full insurable value. Flood policies must be in full effect for both the construction and permanent phases;

vi. If the project is located in Seismic Zones 3 or 4, a Seismic Report must be completed to determine Probable Maximum Loss (PML). If the PML is shown to have an expected seismic damage ratio of less than 20%, then earthquake coverage may be waived. If earthquake coverage is required, it must be in full effect for both construction and permanent phases in the amount not less than full insurable value;

vii. Windstorm is a generally accepted exclusion from “All-Risk” insurance policies, provided that a separate policy is obtained for that exclusion. The wind policy must include business income/rents loss coverage for a minimum of 12 months;
viii. Fidelity Bond in an amount not less than six (6) months of project's gross rental receipts. Fidelity Bond coverage must be in full effect for both the construction and permanent phases;

ix. Management agent's Workers' Compensation and Employer's Liability Insurance in the statutory amount;

x. During the construction period, General Contractor's Commercial General Liability and Property Damage Insurance; Automobile/Hired and Non-Owned Liability; and Workers' Compensation and Employer's Liability Insurance;

xi. During the construction period, Architect's Errors and Omissions (Professional Liability) Insurance is required;

xii. Ordinance and Law Coverage must be obtained when the project represents a non-conforming use under current building, zoning or land use laws or ordinances. Amount to cover loss of undamaged portion of the building at replacement cost, demolition cost (10% of replacement cost) and increased cost of construction (10% of the replacement cost); and

xiii. Terrorism coverage is required for all projects equal to or greater than $20 million. For projects under $20 million, terrorism coverage is an acceptable exclusion, but remains strongly encouraged.
Additional Insurance Items

• No commercial general liability insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms, and no property insurance policy may contain an exclusion for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms in connection with another covered peril (e.g. mold in connection with water damage caused by storm or fire) unless the Special Limited Partner determines that the potential risk for material loss or damage as a result of such exclusions is minimal or that such insurance without those exclusions is unavailable or available only at a price that is not commercially reasonable, or it is not customary practice in the geographic region in which the Property is located to obtain such coverage for the type of construction involved.

• All carriers must be A or better rated according to A.M. Best & Company, with a Financial Size Category rating by A.M. Best of VIII or higher.

• All insurance binders, certificates, and policies for the Partnership’s insurance must name the Partnership as the named insured. All Partnership’s insurance must name the Investor Limited Partner and Special Limited Partner as an additional insured or loss payee as expressly indicated, under a customary form of lender’s or mortgagee’s clause, with a minimum of 30 days notice of cancellation. All architect’s and General Contractor’s insurance must name the Partnership as additional insured or loss payee as indicated.

• All policies shall provide for a minimum of 30 days prior written notice to the Special Limited Partner of cancellation, termination, or reduction of coverage except for non-payment of premium where ten (10) days notice shall be given.

• Please reference the name of the Property or the Partnership, including address, in the “description section” of the insurance certificate.

• Each Certificate/Binder must include a broker or agent contact name along with their phone and fax number.

• Special Limited Partner reserves the right to modify the insurance requirements as conditions warrant.
II. DURING THE CONSTRUCTION PERIOD

A. Partnership’s Policies

1. All Risk Builder’s Risk

   Form: Completed Value (Non-Reporting Form)
   Perils: Special form “All-Risk” policy, subject to the policy terms, conditions and exclusions, but excluding Flood and Earthquake (unless in a flood plain or quake zone)
   Valuation: Replacement Cost including the existing structure, if applicable.
   Deductible: Not to exceed $10,000 per occurrence
   Endorsements / Extensions: Permission to Occupy Endorsement, Renovations Coverage Endorsement, Loss of Rents (12 months), Soft Costs, Ordinance and Law Coverage, Waiver of Coinsurance
   Loss Payee: Investor Limited Partner

2. Commercial General Liability

   Form: ISO, Occurrence Form
   Minimum Limits: $2,000,000 Aggregate Limit, $1,000,000 Products/completed Operations aggregate, $1,000,000 Personal & Advertising Injury, $1,000,000 Each Occurrence, $50,000 Fire Damage, $5,000 Medical Expense

   Aggregate Limits must be written on a per property basis

3. Umbrella Liability

   Minimum Limit: $3,000,000, but for structures with four or more stories the minimum limit will be
4. **Automobile/Hired & Non-Owned Liability** (If Rehab)

   Limit: $1,000,000 per accident Combined Single Limit ("CSL")

5. **Boiler and Machinery** (If Rehab)

   Form: Comprehensive Form
   Limit: Total Building Value Limit
   Valuation: Repair and/or Replacement
   Extensions: Loss of Rents with Mechanical Breakdown Endorsement

6. **Workers' Compensation and Employer's Liability** (If Rehab)

   Limits:
   - Workers Compensation: Statutory
   - Employer's Liability:
     - $1,000,000 Each Accident
     - $1,000,000 Disease – Policy Limit
     - $1,000,000 Disease – Each Employee

   *If the Partnership has no employee(s), please provide evidence of item 5 for the General Partner or, if applicable, parent of the General Partner.

**B. General Contractor’s Policies**

1. **Commercial General Liability**

   Form: ISO Occurrence Form
   Minimum Limit:
   - $2,000,000 Aggregate Limit
   - $1,000,000 Products/completed operations Aggregate
   - $1,000,000 Personal & Advertising Injury
$1,000,000 Each Occurrence
$50,000 Fire Damage
$5,000 Medical Expense

Aggregate Limits must be written on a per property basis

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

2. Umbrella Liability

Minimum Limit: $3,000,000

Additional Insured: Partnership, Investor Limited Partner and Special Limited Partner

3. Workers' Compensation and Employer's Liability

Certificate Holder: Investor Limited Partner

Limits:
Workers' Compensation: Statutory

Employer's Liability:
$1,000,000 Each Accident
$1,000,000 Disease - Policy Limit
$1,000,000 Disease - Each Employee

4. Automobile/Hired & Non-Owned Liability

Limit: $1,000,000 per accident Combined Single Limit ("CSL")

C. Architect's Policies

1. E&O Professional Liability Insurance

Minimum Limit: $250,000 or 10% of Construction Contract (whichever is greater)

Certificate Holder: Investor Limited Partner

Additional Insured: Partnership
B. III. PERMANENT INSURANCE

A. Property Insurance

Form: ISO Special Form (please supply Evidence of Property Insurance, ACORD form 27, 28 or other “Special” or “All Risk” form)

Limits:
- Building (Real Property) 100% of insurable Value (Replacement Cost)
- Contents (Personal Property) Replacement Cost Coverage
- Business Interruption (Rents) 12 months’ gross rental income

Valuation: Full Replacement Cost/Agreed Amount Endorsement

Maximum Deductible: $25,000 per occurrence

Extensions:
- Vacancy/Unoccupancy up to 60 days
- Ordinance and Law
- Waiver of Coinsurance

Loss Payee: Investor Limited Partner

B. Commercial General Liability

Form: ISO Occurrence Form

Limit: $2,000,000 Aggregate Limit
   $1,000,000 Products/Completed Operations Aggregate
   $1,000,000 Personal & Advert. Injury
   $1,000,000 Each Occurrence
   $50,000 Fire Damage
C. **Umbrella Liability**

- **Deductible or Retention:** None
- **Additional Insured:** Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner
- **Minimum Limit:** $3,000,000, but for structures with four or more stories the minimum limit will be $5,000,000
- **Additional Insured:** Partnership (if policy through Management Agent), Investor Limited Partner and Special Limited Partner

D. **Worker’s Compensation**

- **Certificate Holder:** Investor Limited Partner
- **Limits:**
  - $1,000,000 Each Accident
  - $1,000,000 Disease – Policy Limit
  - $1,000,000 – Each Employee

E. **Auto Liability**

- **$5,000 Medical Expenses**

  Aggregate Limits must be written on a “per property basis”
Limit: $1,000,000 per accident combined single limit

F. Boiler and Machinery

Form: Comprehensive Form
Limit: Total Building Value Limit
Valuation: Repair and/or Replacement
Extensions: Loss of Rents with Mechanical Breakdown Endorsement

G. Business Income/Rent Loss Coverage

Limit: Lesser of actual loss sustained or 12 months gross income/rents
Exhibit D

KELLER SENIOR COMMUNITY, L.P.

CERTIFICATE OF ACHIEVEMENT OF DEVELOPMENT OBLIGATION DATE

The undersigned, constituting the general partners (the "General Partners") of KELLER SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), does hereby certify to MMA Evergreen at Keller, LLC, a Delaware limited liability company and its successors and assigns (the "Investor Limited Partner"), pursuant to the Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the "Partnership Agreement"), that:

The first anniversary of the Completion Date occurred on ____________.

Breakeven occurred for three consecutive calendar months on ____________, as evidenced by the determination letter attached hereto as Attachment A.

Final Closing occurred on ____________.

The Development Obligation Date occurred on ____________.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: __________________________
Name: _________________________
Title: __________________________

MMA Evergreen at Keller, LLC

c/o MMA Financial TC Corp.

101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Keller Senior Community, L.P., a Texas limited partnership
(the “Partnership”)

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of January 1, 2005 (the “Partnership Agreement”). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Keller Apartments, an apartment complex located in Keller, Texas (referred to herein as the “Project”), we have performed the following procedures:

We have compiled a statement of income and expenses for the three months ended ______________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.
We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.

We have determined that the Project, for each of three calendar months commencing on or after Final Closing, has achieved Breakeven, as that term is defined in the Partnership Agreement.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit E

KELLER SENIOR COMMUNITY, L.P.

SECOND INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Second Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Second Installment is $_______, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. One Hundred Eighty (180) days have passed after the Admission Date.

4. The 50% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Third Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Third Installment is $\_\_\_\_\_\_\_\_\_\_, there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Two Hundred Seventy (270) Days have passed after the Admission Date.

4. The 75% Completion Date has occurred.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ________, 20__. 

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
Exhibit G

KELLER SENIOR COMMUNITY, L.P.

FOURTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fourth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fourth Installment is $[_______] there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Completion Date has occurred.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of an as-built survey for the Project, together with the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of
____________, 20__. 

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ______________________________
Name: ______________________________
Title: ______________________________
Exhibit H

KELLER SENIOR COMMUNITY, L.P.

FIFTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Fifth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Fifth Installment is $________ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. Final Closing has occurred.

4. The Accountants have determined the amount of the Tax Credits and have determined that the Project satisfies the requirements of Section 42(h)(4) of the Code, as evidenced by the determination letter attached hereto as Attachment A.

5. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

6. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

7. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

8. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

9. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of __________, 20__.

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ______________________________
DETERMINATION OF TAX CREDIT

MMA Evergreen at Keller, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Keller Senior Community, L.P., a Texas limited partnership
   (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership among MMA Evergreen at Keller, LLC, a Delaware limited liability company ("MMAF") and other parties dated as of January 1, 2005 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Based upon information provided to us by the Partnership concerning Evergreen at Keller Apartments (an apartment complex located in Keller, Texas, referred to herein as the "Project"), we have performed the following procedures.

We have compiled a statement of the development costs through _________, 20__ and the expected classification of each cost for tax purposes.

We have obtained a budget for the development costs from the Partnership.

We have compared the budget for such costs to the actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership.

We have determined that the Adjusted Aggregate Federal Tax Credit Amount properly allocable to the Investor Limited Partner will be $_________. 
We have further determined that 50% or more of the aggregate basis of the buildings and the land on which the buildings are located is financed by an obligation, the interest on which is exempt from tax under Section 103 of the Code and which is within the State's volume cap as provided in Section 146 of the Code.

Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determinations are based are incorrect or inappropriate.

In making these determinations, we have assumed that 100% of the apartment units in the Project will be “low-income units” as such term is defined in Section 42(i)(3) of the Internal Revenue Code of 1986, as amended, and have no reason to believe that such assumption is unwarranted.

Copies of the calculations we have made in reaching the determinations above and of the financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]
Exhibit I  

KELLER SENIOR COMMUNITY, L.P.  

SIXTH INSTALLMENT PAYMENT CERTIFICATE  

The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Sixth Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Sixth Installment is $ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has achieved a Debt Service Coverage Ratio of 112% for each of three (3) consecutive months, as evidenced by the attached determination letter.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of 
____________, 20__. 

LIFENET-KELLER GP, LLC, a Texas limited 
liability company, by LifeNet Community 
Behavioral Healthcare, a Texas non-profit 
corporation, its sole member 

By: 
Name: ________________________________ 
Title: ________________________________
 Attachment A

DETERMINATION OF DEBT SERVICE COVERAGE RATIO

MMA Evergreen at Keller, LLC
c/o MMA Financial TC Corp.
101 Arch Street, 13th Floor
Boston, MA 02110

Attention: Asset Management

Re: Keller Senior Community, L.P., a Texas limited partnership (the "Partnership")

Gentlemen:

We have reviewed the pertinent portions of the First Amended and Restated Agreement of Limited Partnership of the Partnership dated as of January 1, 2005 (the "Partnership Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Partnership Agreement.

Using information provided to us by the Partnership concerning Evergreen at Keller Apartments (an apartment complex located in Keller, Texas referred to herein as the "Project"), we have performed the following procedures:

We have compiled a statement of income and expenses for the _____ months ended _________, 20__.

We have obtained an annual budget prepared by the Project’s management agent for the year ended December 31, 20__.

We have adjusted the statement to annualize all expenditures, including those of a seasonal or irregular nature which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations. (Examples of such expenditures include debt service, reserve funding, maintenance, utilities, snow removal and real estate taxes.)

We have compared the budget for such period to the statement of actual results, and have made all inquiries we considered necessary with respect to any material variances.

We have performed such other procedures as we considered necessary to evaluate both the assumptions used and the information provided to us by the Partnership and the management agent.
We have determined that the Partnership, for a period of _______ calendar months (and during each individual month) beginning on __________ 20__ (which date is subsequent to Final Closing) has achieved a Debt Service Coverage Ratio of ____. Furthermore, nothing has come to our attention to suggest that the data or assumptions on which the above determination is based are incorrect or inappropriate.

Copies of the calculations and adjustments we have made in reaching the determination above and of financial statements and budgets upon which such calculations are based are attached hereto.

[Partnership Accountants]

By: ________________________________
Exhibit J

KELLER SENIOR COMMUNITY, L.P.

SEVENTH INSTALLMENT PAYMENT CERTIFICATE

The undersigned, constituting the general partner (the “General Partner”) of Keller Senior Community, L.P., a Texas limited partnership (the “Partnership”), does hereby certify to MMA Evergreen at Keller, LLC (the “Investor Limited Partner”), pursuant to Section 5.1B(i) of the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of January 1, 2005 (the “Partnership Agreement”), that:

1. All preconditions, representations, warranties and agreements set forth in the Partnership Agreement and applicable to the Seventh Installment have been satisfied.

2. As set forth in Section 5.1A of the Partnership Agreement, the amount of the Seventh Installment is $______ there being no reduction in the amount thereof pursuant to Section 5.2 of the Partnership Agreement. [Modify as appropriate if any adjustment shall have occurred and attach supporting calculations and documentation.]

3. The Partnership has received a copy of Form 8609 issued by the Credit Agency with respect to all of the Buildings, copies of which are attached hereto, and a properly recorded Extended Use Agreement, a copy of which is attached hereto.

4. Each of the representations and warranties set forth in Section 6.5 of the Partnership Agreement is true and correct in all material respects.

5. No event has occurred which would permit the Investor Limited Partner to give an Election Notice under Section 5.3 of the Partnership Agreement.

6. No Event of Bankruptcy as to any General Partner, Developer or Guarantor shall have occurred unless such Event of Bankruptcy shall have been cured in a manner approved in writing by the Investor Limited Partner.

7. No event has occurred which suspends or terminates the obligations of the Investor Limited Partner to pay Installments under the Partnership Agreement which has not been cured as therein provided.

8. Attached hereto is a true copy of the Title Policy, including all endorsements thereto, evidencing the accuracy of the representation contained in Section 6.5A(viii) of the Partnership Agreement.

Capitalized terms not defined herein shall have the meanings given to them in the Partnership Agreement.
IN WITNESS WHEREOF, the undersigned has executed this certificate this ___ day of ________, 20__.

LIFENET-KELLER GP, LLC, a Texas limited liability company, by LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole member

By: ________________________________
Name: ______________________________
Title: ________________________________
ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent:  

Email communication requesting approval

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE
Kate,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Hunt/Morrison Grove Financial that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Plano, Plano Texas
Churchill at Pinnacle Park, Dallas Texas
Evergreen at Keller, Keller Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 6, 2019

Texas Department of Housing and Community Affairs
Attn: Spencer Duran, Section 811 PRAC Program Manager
221 E. 11th Street
Austin, TX 78701

Re: Existing TDHCA Properties for 811 Consideration

Dear Mr. Duran:

As the syndicator for the following developments that have been financed with Low Income Housing Tax Credits, we have reviewed your request to enter into a Section 811 contract to provide additional Section 811 units at the following properties.

Churchill at Pinnacle Park – Section 811 Project ID#4058
Evergreen at Keller Senior Community – Section 811 Project ID#4185
Evergreen at Plano Senior Community – Section 811 Project ID#4050

These properties have been placed in service and were underwritten and closed without contemplation of additional Section 811 units. Because the potential impact to these transactions was not evaluated prior to closing, we do not approve the addition of Section 811 units for these properties at this time.

Please contact me with any questions.

Sincerely,

Tim Tarrant
Authorized Representative
Hunt LIHTC Holdings, LLC
No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO COVER PAGES

   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: SunAmerica Affordable Housing Partners

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.4

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 42 & 43 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
ROCKWALL SENIOR COMMUNITY, L.P.,
A TEXAS LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

As of January 9, 2007

THE LIMITED PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE LIMITED PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE 1933 ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, EXCEPT IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH LIMITED PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE 8 HEREOF.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CONTINUATION OF PARTNERSHIP</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>Continuation/Admission</td>
<td>1</td>
</tr>
<tr>
<td>1.2</td>
<td>Name</td>
<td>1</td>
</tr>
<tr>
<td>1.3</td>
<td>Principal Executive Offices; Agent for Service of Process</td>
<td>1</td>
</tr>
<tr>
<td>1.4</td>
<td>[intentionally left blank]</td>
<td>2</td>
</tr>
<tr>
<td>1.5</td>
<td>Term</td>
<td>2</td>
</tr>
<tr>
<td>1.6</td>
<td>Filing of Amendment to Certificate</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>DEFINED TERMS</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>PURPOSE OF THE PARTNERSHIP</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>REPRESENTATIONS, WARRANTIES AND COVENANTS</td>
<td>15</td>
</tr>
<tr>
<td>4.1</td>
<td>Representations, Warranties and Covenants Relating to the Apartment</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Complex and the Partnership</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Representations, Warranties and Covenants Relating to Tax Credits and</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Tax Matters</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>CAPITAL CONTRIBUTIONS, BRIDGE LOAN, PARTNER LOANS</td>
<td>26</td>
</tr>
<tr>
<td>5.1</td>
<td>Capital Contributions</td>
<td>26</td>
</tr>
<tr>
<td>5.2</td>
<td>Bridge Loan</td>
<td>32</td>
</tr>
<tr>
<td>5.3</td>
<td>Return of Capital Contribution</td>
<td>36</td>
</tr>
<tr>
<td>5.4</td>
<td>Legal Opinion</td>
<td>36</td>
</tr>
<tr>
<td>5.5</td>
<td>Repurchase Obligation</td>
<td>36</td>
</tr>
<tr>
<td>5.6</td>
<td>Guaranteed Payments</td>
<td>37</td>
</tr>
<tr>
<td>5.7</td>
<td>Assignment to the Partnership</td>
<td>37</td>
</tr>
<tr>
<td>5.8</td>
<td>Payment of Environmental Assessment Consultant Fees</td>
<td>37</td>
</tr>
<tr>
<td>5.9</td>
<td>Partner Loans</td>
<td>37</td>
</tr>
<tr>
<td>6</td>
<td>RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER</td>
<td>39</td>
</tr>
<tr>
<td>6.1</td>
<td>Management of the Partnership</td>
<td>39</td>
</tr>
<tr>
<td>6.2</td>
<td>Duties and Obligations of the General Partner</td>
<td>40</td>
</tr>
<tr>
<td>6.3</td>
<td>Special Purpose Entity</td>
<td>41</td>
</tr>
<tr>
<td>6.4</td>
<td>Limitations Upon the Authority of the General Partner</td>
<td>42</td>
</tr>
<tr>
<td>6.5</td>
<td>Continued Compliance Sale</td>
<td>44</td>
</tr>
<tr>
<td>6.6</td>
<td>General Partner or Affiliates Dealing with Partnership</td>
<td>46</td>
</tr>
<tr>
<td>6.7</td>
<td>Other Activities</td>
<td>46</td>
</tr>
<tr>
<td>6.8</td>
<td>Liability for Acts and Omissions</td>
<td>46</td>
</tr>
<tr>
<td>6.9</td>
<td>Construction of the Apartment Complex, Construction Cost Overruns,</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Operating Deficits; Other Guaranteans</td>
<td></td>
</tr>
<tr>
<td>6.10</td>
<td>Development Fee</td>
<td>51</td>
</tr>
<tr>
<td>6.11</td>
<td>Incentive Partnership Management Fee</td>
<td>51</td>
</tr>
<tr>
<td>6.12</td>
<td>Withholding of Fee Payments</td>
<td>51</td>
</tr>
<tr>
<td>6.13</td>
<td>Pledged Payments</td>
<td>52</td>
</tr>
<tr>
<td>Article</td>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>6.14</td>
<td>Reserve For Replacements</td>
<td>53</td>
</tr>
<tr>
<td>6.15</td>
<td>Selection of Property Manager; Management Agreement</td>
<td>53</td>
</tr>
<tr>
<td>6.16</td>
<td>Removal of the Property Manager</td>
<td>54</td>
</tr>
<tr>
<td>6.17</td>
<td>Environmental Matters</td>
<td>54</td>
</tr>
<tr>
<td>6.18</td>
<td>Tax Matters Partner</td>
<td>55</td>
</tr>
<tr>
<td>6.19</td>
<td>Expenses of Tax Matters Partner</td>
<td>56</td>
</tr>
<tr>
<td>6.20</td>
<td>Security Agreements and Guarantees</td>
<td>57</td>
</tr>
<tr>
<td>6.21</td>
<td>Duties of SLP</td>
<td>57</td>
</tr>
<tr>
<td>Article 7</td>
<td>RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS</td>
<td>57</td>
</tr>
<tr>
<td>7.1</td>
<td>Limitation on Liability of Limited Partners</td>
<td>57</td>
</tr>
<tr>
<td>7.2</td>
<td>Other Activities</td>
<td>58</td>
</tr>
<tr>
<td>7.3</td>
<td>Insurance Obtained by SHF</td>
<td>58</td>
</tr>
<tr>
<td>Article 8</td>
<td>TRANSFERS OF PARTNER INTERESTS, WITHDRAWAL, ADMISSION OF SUBSTITUTE PARTNERS</td>
<td>58</td>
</tr>
<tr>
<td>8.1</td>
<td>Transfers</td>
<td>58</td>
</tr>
<tr>
<td>8.2</td>
<td>Withdrawal</td>
<td>60</td>
</tr>
<tr>
<td>8.3</td>
<td>[Intentionally Left Blank]</td>
<td>60</td>
</tr>
<tr>
<td>8.4</td>
<td>[Intentionally Left Blank]</td>
<td>60</td>
</tr>
<tr>
<td>8.5</td>
<td>[Intentionally Left Blank]</td>
<td>60</td>
</tr>
<tr>
<td>8.6</td>
<td>Removal/Withdrawal</td>
<td>60</td>
</tr>
<tr>
<td>8.7</td>
<td>Admission of Additional or Substitute Partners</td>
<td>64</td>
</tr>
<tr>
<td>Article 9</td>
<td>DISTRIBUTIONS</td>
<td>65</td>
</tr>
<tr>
<td>9.1</td>
<td>Distribution of Net Cash Flow</td>
<td>65</td>
</tr>
<tr>
<td>9.2</td>
<td>Distribution of Proceeds from Sale of Partnership Property (Other Than in Connection with a Liquidation)</td>
<td>66</td>
</tr>
<tr>
<td>9.3</td>
<td>Distribution Upon Liquidation</td>
<td>66</td>
</tr>
<tr>
<td>9.4</td>
<td>Project Documents</td>
<td>67</td>
</tr>
<tr>
<td>Article 10</td>
<td>ALLOCATION PROVISIONS, CAPITAL ACCOUNTS</td>
<td>67</td>
</tr>
<tr>
<td>Article 11</td>
<td>DISSOLUTION AND LIQUIDATION</td>
<td>67</td>
</tr>
<tr>
<td>11.1</td>
<td>General</td>
<td>67</td>
</tr>
<tr>
<td>11.2</td>
<td>Winding Up of Partnership</td>
<td>67</td>
</tr>
<tr>
<td>11.3</td>
<td>Accountant's Statement</td>
<td>68</td>
</tr>
<tr>
<td>Article 12</td>
<td>BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS</td>
<td>68</td>
</tr>
<tr>
<td>12.1</td>
<td>Books and Records</td>
<td>68</td>
</tr>
<tr>
<td>12.2</td>
<td>Bank Accounts</td>
<td>69</td>
</tr>
<tr>
<td>12.3</td>
<td>Tax Returns</td>
<td>69</td>
</tr>
<tr>
<td>12.4</td>
<td>Reports to Partners</td>
<td>69</td>
</tr>
<tr>
<td>12.5</td>
<td>Asset Management Fee</td>
<td>72</td>
</tr>
<tr>
<td>12.6</td>
<td>Section 754 Elections</td>
<td>72</td>
</tr>
<tr>
<td>Article</td>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>12.7</td>
<td>Fiscal Year and Accounting Method</td>
<td>73</td>
</tr>
<tr>
<td>Article 13</td>
<td>AMENDMENTS</td>
<td>73</td>
</tr>
<tr>
<td>Article 14</td>
<td>CONSENTS, VOTING AND MEETINGS</td>
<td>73</td>
</tr>
<tr>
<td>14.1</td>
<td>Submissions to Limited Partner</td>
<td>73</td>
</tr>
<tr>
<td>14.2</td>
<td>Meetings; Submission of Matter for Voting</td>
<td>73</td>
</tr>
<tr>
<td>14.3</td>
<td>Voting Rights of SLP</td>
<td>73</td>
</tr>
<tr>
<td>Article 15</td>
<td>GENERAL PROVISIONS</td>
<td>73</td>
</tr>
<tr>
<td>15.1</td>
<td>Applicable Law</td>
<td>73</td>
</tr>
<tr>
<td>15.2</td>
<td>Successors and Assigns</td>
<td>73</td>
</tr>
<tr>
<td>15.3</td>
<td>Waiver of Jury Trial</td>
<td>74</td>
</tr>
<tr>
<td>15.4</td>
<td>Remedies</td>
<td>74</td>
</tr>
<tr>
<td>15.5</td>
<td>Counterparts</td>
<td>74</td>
</tr>
<tr>
<td>15.6</td>
<td>Separability of Provisions</td>
<td>74</td>
</tr>
<tr>
<td>15.7</td>
<td>Further Assurances</td>
<td>74</td>
</tr>
<tr>
<td>15.8</td>
<td>Captions</td>
<td>74</td>
</tr>
<tr>
<td>15.9</td>
<td>Entire Agreement</td>
<td>75</td>
</tr>
<tr>
<td>15.10</td>
<td>Liability of SHF</td>
<td>75</td>
</tr>
<tr>
<td>15.11</td>
<td>Notices</td>
<td>75</td>
</tr>
<tr>
<td>15.12</td>
<td>Legal Fees</td>
<td>76</td>
</tr>
<tr>
<td>15.13</td>
<td>Business Days</td>
<td>76</td>
</tr>
<tr>
<td>15.14</td>
<td>Not For Benefit of Creditors</td>
<td>77</td>
</tr>
<tr>
<td>15.15</td>
<td>No Continuing Waiver</td>
<td>77</td>
</tr>
</tbody>
</table>
ROCKWALL SENIOR COMMUNITY, L.P.,
A TEXAS LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (this "Agreement") is made and entered into as of January 9, 2007, by and among LIFENET-ROCKWALL GP, L.L.C., a Texas limited liability company ("the General Partner"), SUNAMERICA HOUSING FUND 1472, A NEVADA LIMITED PARTNERSHIP ("SHF"), and CHURCHILL RESIDENTIAL, INC., a Texas corporation ("SLP" or the "SLP").

A. A Certificate of Limited Partnership for the formation of Rockwall Senior Community, L.P. (the "Partnership") pursuant to the Act was filed with the Secretary of State of Texas on August 16, 2006.

B. The General Partner and Bradley E. Forslund ("Forslund") executed an Agreement of Limited Partnership of the Partnership dated August 16, 2006; the General Partner, Forslund and SLP executed a First Amendment to Agreement of Limited Partnership dated as of January 8, 2007; by letter dated January 8, 2007, Forslund withdrew as a limited partner of the Partnership (collectively, the "Prior Agreement").

C. The parties hereto desire to enter into this Amended and Restated Agreement of Limited Partnership to (a) continue the Partnership under the Act, (b) admit SHF to the Partnership as the Limited Partner, and (c) amend and restate the Prior Agreement in its entirety.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby amend and restate the Prior Agreement in its entirety as follows:

Article 1
CONTINUATION OF PARTNERSHIP

1.1 Continuation/Admission. The undersigned shall continue the Partnership as a limited partnership under the Act. SHF is hereby admitted to the Partnership as a Limited Partner.

1.2 Name. The name of the Partnership is Rockwall Senior Community, L.P.

1.3 Principal Executive Offices; Agent for Service of Process.

(a) The principal executive office of the Partnership shall be 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238. The Partnership may change the location of its principal executive office to such other place or places as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal executive office. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.
(b) The name and address of the agent for service of process are LifeNet Community Behavioral Healthcare, 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238. The agent for service of process for the Partnership may be changed from time to time by the General Partner in its sole and absolute discretion, subject to applicable law.

1.4 [intentionally left blank].

1.5 Term. The term of the Partnership shall continue in perpetuity unless the Partnership is sooner dissolved in accordance with this Agreement.

1.6 Filing of Amendment to Certificate. Upon the execution of this Agreement by the parties hereto, the General Partner shall take all actions necessary to assure the prompt filing of an amendment to the Certificate of Limited Partnership of the Partnership if and as required by the Act. The Partnership shall be responsible for all filing costs.

Article 2
DEFINED TERMS

In addition to the terms defined above, the following terms used in this Agreement have the meanings specified below:

"Accountants" means the Partnership's accountants selected pursuant to Section 12.3 of this Agreement.

"Act" means the Texas Revised Limited Partnership Act, as amended from time to time.

"Actual Credits" means with respect to any period of time, the total amount of the Tax Credits of the Partnership allocated to SHF with respect to such period.

"Additional Capital Contributions" means the First Additional Capital Contribution, the Second Additional Capital Contribution and the Third Additional Capital Contribution.

"Adjusted Capital Account" means, with respect to any Partner, such Partner's Capital Account as of the end of the relevant taxable year, after crediting to such Capital Account any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations.

"Affiliate" means any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another designated Person.

"AFR" means the long-term applicable Federal rate (as defined in Section 1274(d) of the Code).

"Agency" means the Texas Department of Housing and Community Affairs, or any successor in its capacity as the housing credit agency of the State.
"Agency RoFR Agreement" has the meaning set forth in Section 6.5(c) of this Agreement.

"Agent" has the meaning set forth in Section 5.2(h) of this Agreement.

"Apartment Complex" means the 141-unit multifamily rental housing development and other improvements to be constructed on the Land and to be known as Evergreen at Rockwall Senior Apartments.

"Application" means the Partnership's 2006 Multifamily Uniform Application for Tax Credits submitted to and approved by the Agency, together with any undertaking submitted to and approved by the Agency in connection with such application.

"Asset Management Fee" means the fee payable to SAHP (or its designee) pursuant to Section 12.5 of this Agreement.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a voluntary petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code or like provision of law; insolvency of such Person as finally determined by a court proceeding; the filing of an involuntary petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code or like provision of law which is not dismissed within 60 days after such filing; the appointment of a receiver or a trustee for such Person or a substantial part of its assets or the filing by such Person of a petition or application to accomplish the same; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another (and if such proceeding is an involuntary proceeding, such proceeding is not dismissed within 60 days after it is commenced).

"Bankruptcy Code" means the Bankruptcy Code of 1978, 11 U.S.C. Section 101 et seq., as such law may be amended or superseded.

"BL Advances" has the meaning set forth in Section 5.2(d)(iv) of this Agreement.

"BL Capital Contributions" has the meaning set forth in Section 5.2(d)(iv) of this Agreement.

"Bridge Loan" means the loan to be made or arranged by SHF to the Partnership, as provided in Section 5.2 of this Agreement.

"Bridge Loan Guarantor" means an Affiliate of SHF that guaranties the Bridge Loan.

"Bridge Loan Note" means the bridge loan note attached hereto as Exhibit C.
"Business Day" means a day (other than a Saturday or Sunday) on which banks generally are open in Los Angeles, California for the conduct of substantially all of their commercial lending activities.

"Capital Account" means the capital account of a Partner as described in Section 4 of Exhibit I of this Agreement.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner under this Agreement.

"Capital Transaction" means a sale, refinance, exchange, transfer, assignment or other disposition (including a condemnation or foreclosure) of all or any portion of the Apartment Complex or a recovery of a damage award or receipt of insurance proceeds (to the extent such damage award or insurance proceeds are not used to rebuild the Apartment Complex) affecting the Apartment Complex.

"Carryover Allocation" means the carryover allocation of Tax Credits issued to the Partnership by the Agency.

"Cash Expenditures" means all payments of cash during the applicable period, including without limitation, cash expenditures for operating expenses, Debt Service Expense and the funding of Cash Reserves; provided, however, that Cash Expenditures shall exclude payments and distributions to be made pursuant to Sections 9.1, 9.2, and 9.3 of this Agreement, refunds to tenants of security deposits and expenditures from Cash Reserves to the extent that the funding of such reserves is otherwise considered a cash expenditure under the terms of this definition.

"Cash Receipts" means all cash receipts of the Partnership, including without limitation, cash receipts from the operation of the Partnership, rental subsidy payments, if any, and cash from the forfeiture or application of tenant security deposits; provided, however, that Cash Receipts shall exclude cash from Capital Transactions, cash from Capital Contributions, proceeds from any Project Loans, Operating Deficit Loans, LP Loans, SLP Loans or other loans to the Partnership, the deposit by tenants of security deposits and any interest payable to tenants thereon and any other funds of third parties held in reserve or trust by the Partnership.

"Cash Reserves" means such amounts required under the Reserve For Replacements or under the Project Documents or estimated by SLP with the Consent of SHF that are necessary to be set aside periodically for the payment of costs, expenses and liabilities incident to the business of the Partnership.

"Certified Credits" means ninety-nine and nine tenths percent (99.9%) of the annual Tax Credits that the Accountants certify in writing to the Partnership that the Partnership will be able to claim during each full fiscal year during the Credit Period (provided that for any partial year during the Credit Period, Certified Credits shall be adjusted to reflect such fact) for all buildings in the Apartment Complex assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based, among other things, on the Forms 8609 issued by the Agency for all the buildings comprising the Apartment Complex and on the cost certification prepared in connection with the application by
the Partnership for Forms 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, that if with respect to a Tax Credit Loss Event SLP makes a payment under clause (E) of Section 6.9(d)(ii) of this Agreement, then the Certified Credits shall be reduced prospectively by the annual reduction in Tax Credits attributable to such Tax Credit Loss Event.

"Churchill Communities" means Churchill Communities, L.P., a Texas limited partnership.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Completion" means the lien-free completion of construction of the Apartment Complex in compliance with the Plans and Specs, including without limitation, completion or correction of all punchlist items and seasonal items such as landscaping to the satisfaction of SHF, the issuance of all necessary permanent certificates of occupancy from the applicable governmental jurisdictions and authorities for one hundred percent (100%) of the units in the Apartment Complex, and payment and release of all liens of subcontractors, materialmen, and other providers of labor, equipment, material and/or services to the Land and the Apartment Complex as evidenced by the receipt of all unconditional lien releases from all such subcontractors, materialmen and all other providers of labor, equipment, material and/or services to the Land and the Apartment Complex; provided, however, that Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Apartment Complex exist, other than those (i) securing the Project Loans, (ii) consented to by SHF, and (iii) covered by payment bonds which shall cause any such lien to be released of record.

"Compliance Period" means the compliance period (as defined in Section 42(i)(1) of the Code) applicable to the Apartment Complex.

"Consent" means the prior written consent or approval of SHF and/or any other Partner, as the context may require.

"Construction Contract" shall have the definition given that term in Section 4.4(b).

"Construction Subcontract" shall have the definition given that term in Section 4.4(b).

"Contractor" means ICI Construction, Inc.

"Contractor's Requisition" has the meaning set forth in Section 5.2(i)(i)(A) of this Agreement.

"Cost Savings" means the amount, if any, by which (a) Permitted Sources exceed (b) Development Costs.

"Credit Period" means the "credit period" with respect to each of the buildings in the Apartment Complex, as defined in Section 42(f) of the Code.
"Debt Service Coverage Ratio" means for the applicable period, the Net Operating Income for such period divided by the Debt Service Expense for such period determined on an accrual basis (provided, however, if principal payments have not commenced under the Term Loan, the Debt Service Coverage Ratio shall be calculated using the monthly payment of principal and interest which will become due when principal payments commence under the Term Loan).

"Debt Service Expense" means with respect to any period, the debt service expense incurred by the Partnership, including interest expense and required principal payments, late charges and any other fees and expenses incurred during such period and relating to any Project Loan.

"Default LP Loans" means LP Loans (or portions thereof) that are made to pay any obligation of the General Partner or SLP under this Agreement which the General Partner or SLP failed to pay. For example, an LP Loan made to fund Operating Deficits that SLP failed to fund in breach of its obligations under Section 6.9(b) shall constitute a Default LP Loan.

"Deferred Development Fee" means the portion of the Development Fee not paid from Capital Contributions pursuant to the Development Agreement.

"Developers" means Churchill Communities and LifeNet.

"Development Agreement" means the Development Agreement among the Partnership and the Developers of even date herewith in the form set forth in Exhibit B.

"Development Budget" means the construction, development and financing budget for the construction development and financing of the Apartment Complex, including without limitation the construction of the Apartment Complex, the furnishing of all personalty in connection therewith, and the operation of the Apartment Complex prior to Stabilization, attached hereto as Exhibit F and any amendments thereto made with the Consent of SHF.

"Development Costs" means all direct or indirect costs payable by the Partnership related to the acquisition of the Land and the development and construction of the Apartment Complex prior to Stabilization, all costs of completing punchlist items regardless of when incurred and all Operating Deficits incurred by the Partnership prior to Stabilization, including without limitation the following: (a) costs of acquiring, financing, developing and constructing the Apartment Complex, as described in and as contemplated by the Plans and Specs and the Project Documents, including without limitation, any construction cost overruns, the cost of any change orders and all amounts payable under the Construction Contract; (b) all costs to achieve closing of the Project Loans (including to achieve Term Loan Closing) and to satisfy any escrow deposit requirements which are conditions to the closing of any Project Loan, including, without limitation, any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums; (c) all costs, payments and deposits needed to avoid a default under the Bridge Loan or Term Loan, including without limitation, all required deposits to satisfy any requirements of the Project Lender or SHF to keep the Term Loan "in balance"; (d) applicable loan assessment fees, discounts or other expenses incurred by or on behalf of the Partnership as a result of the occurrence of the closing of the Project Loans; (e) all costs and
expenses relating to Pre-Existing Environmental Conditions regardless of when such costs are incurred; (f) any fees paid or due to the General Partner, SLP and their respective Affiliates, including the Development Fee; (g) all costs and expenses associated with paying off the Bridge Loan, and (h) SHF’s legal fees payable pursuant to Section 5.1(b)(i) and the fee payable to SAHP pursuant to Section 5.2(b).

"Development Fee" means the fee payable by the Partnership to the Developers pursuant to the Development Agreement.

"Draws" has the meaning set forth in Section 5.2(h) of this Agreement.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code and the Regulations and rulings thereunder.

"Environmental Consultant" has the meaning set forth in Section 5.8 of this Agreement.


"Excess Development Costs" means as of any particular date (a) the Development Costs which the Partnership has an obligation to pay as of such date, minus (b) the Permitted Sources received by the Partnership as of such date.

"Excess Interest" means (i) the actual interest accrued on the Bridge Loan and (ii) all other amounts (other than principal) payable under the Bridge Loan, including, without limitation, all fees and costs and indemnification obligations arising thereunder.

"Excess LP Loan Amount" means the amount, if any, by which the outstanding balance of all LP Loans, including principal and accrued interest, exceeds the outstanding balance of all SLP Loans, including principal and accrued interest.

"Excess SLP Loan Amount" means the amount, if any, by which the outstanding balance of all SLP Loans, including principal and accrued interest, exceeds the outstanding balance of all LP Loans, including principal and accrued interest.

"Extended Use Agreement" means the extended low-income housing commitment executed by the Partnership and the Agency related to the Apartment Complex, which commitment satisfies the requirements of Code Section 42(h)(6)(B).
"Facility Account" means an account maintained by the Bridge Loan Guarantor or its designee.

"First Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(ii) of this Agreement.

"Fiscal Year" means the fiscal year of the Partnership, determined in accordance with Section 706(b) of the Code.

"Forms 8609" means the IRS Form 8609 issued by the Agency for each residential building of the Apartment Complex which finally allocate Tax Credits to such residential building.

"General Partner" means the General Partner and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors pursuant to this Agreement.

"GP Affiliated Entity" means (i) a limited partnership in which the General Partner or an Affiliate of the General Partner is a general partner, and in which an Affiliate of SHF is a limited partner, or (ii) a limited liability company in which the General Partner or an Affiliate of General Partner is a manager or managing member, and in which an Affiliate of SHF is a member.

"GP Misconduct Event" shall have the meaning set forth in Section 6.9(g)(i) of this Agreement.

"GP Pledged Payments" shall have the meaning set forth in Section 6.13(b) of this Agreement.

"Greatest Excess LP Loan Amount" means the greatest Excess LP Loan Amount at any time on or prior to the date on which the NCF Percentage is determined. Accordingly, once the NCF Percentage decreases based on the Greatest Excess LP Loan Amount reaching a certain level, no payments by the Partnership or the General Partner of LP Loans shall increase the NCF Percentage or restore it to what it was prior to the Greatest Excess LP Loan Amount reaching such level.

"Guarantor" means LHTE Equipment, LLC.

"Guaranty" means the Guaranty Agreement of even date herewith executed by Guarantor for the benefit of SHF.

"Hazardous Materials" shall mean any toxic, hazardous, or radioactive substances or materials, petroleum or chemical liquid or solid, liquid or gaseous products or hazardous waste or other pollutants, contaminants and substances regulated by Environmental Laws, whether or not naturally occurring, including, without limitation, asbestos, lead paint, polychlorinated biphenyls, radon and methane gas. "Hazardous Materials" shall also include, but are not limited to, any materials, which are (a) a "hazardous waste" within the meaning of the Resource Conservation and Recovery Act of 1976, ("RCRA") 42 U.S.C. Section 6901 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (b) a "hazardous substance" within the meaning of the Comprehensive Environmental Response,
Compensation and Liability Act of 1980, ("CERCLA") 42 U.S.C. Sections 9601 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (c) a "pollutant" within the meaning of the Federal Water Pollution Control Act, 33 U.S.C. Section 1251, et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (d) any air pollutant regulated under the Clean Air Act, 42 U.S.C. Section 7401 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (e) an "extremely hazardous substance" within the meaning of the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001-11050, or regulations promulgated thereunder, or any similar state Environmental Law; (f) any air contaminant regulated under the Occupational Health and Safety Act, 29 U.S.C. Section 651, et seq., or regulations promulgated thereunder, as the same may be amended from time to time, or any similar state or local Environmental Law; (g) any "source material," "byproduct material" or "special nuclear material" regulated under the Atomic Energy Act of 1954, 42 U.S.C. Section 2011, et seq., or regulations promulgated thereunder, as the same may be amended from time to time, or any similar state or local Environmental Law; and (h) microbial contaminants.

"HOME Loan" shall have the definition given that term in Section 6.9(e)(i) of this Agreement.

"HOME Loan Documents" means the loan documents executed in connection with the HOME Loan, including the loan agreement, the note and the mortgage or deed of trust.

"Incentive Partnership Management Agreement" means the Incentive Partnership Management Agreement among the General Partner, SLP and the Partnership of even date herewith, in the form set forth in Exhibit A which shall permit the General Partner to assign its right to receive the Incentive Partnership Management Fee (subject to all offset rights contained herein) to the non-profit sole member of the General Partner.

"Incentive Partnership Management Fee" means the fee payable by the Partnership to the General Partner and SLP pursuant to the Incentive Partnership Management Agreement; provided, however, the maximum fee payable to the General Partner and the SLP in the aggregate for any Fiscal Year shall be $200,000, which amount shall not cumulate from Fiscal Year to Fiscal Year.

"Initial Period" shall have the definition given that term in Section 6.9(b) of this Agreement.

"Interest" or "Partnership Interest" means the ownership interest of a Partner in the Partnership, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of the Act.

"IRS" means the Internal Revenue Service.

"Land" means the tract of land situated in Rockwall, Texas, upon which the Apartment Complex will be located, as more particularly described in Exhibit D.
"LifeNet" means LifeNet Community Behavioral Healthcare, a Texas nonprofit corporation.

"Limited Partner(s)" means SHF, SLP or any other Limited Partner admitted to the Partnership in such Person's capacity as a limited partner of the Partnership.

"Liquidator" means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

"LP Loans" means the loans which may be made by SHF (or its designee) to the Partnership pursuant to Section 5.9(b) of this Agreement.

"Management Agreement" shall have the meaning set forth in Section 6.15(a) of this Agreement.

"NCF Percentage" means 80%, unless the Greatest Excess LP Loan Amount at any time exceeds $50,000, in which event the NCF Percentage shall be determined in accordance with Exhibit J of this Agreement.

"Net Cash Flow" means, for each Fiscal Year, the excess, if any, of Cash Receipts for such period over Cash Expenditures for such period.

"Net Operating Income" means with respect to any period the following:

(a) The operating revenues of the Apartment Complex from the normal operations of the Apartment Complex, consisting of rental receipts for retail space (if any) and for occupancy of apartment units or garages in the Apartment Complex, vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, reimbursements from tenants for utilities and other expenses borne by the Partnership and other ordinary operating receipts. The term “operating revenues” shall exclude revenues from condemnation awards or insurance proceeds, any collections for utility charges to the extent that utilities are separately metered and borne by the tenants of the Apartment Complex, any furniture rental income to the extent not a tenant reimbursement, security deposits (unless and until applied against obligations owed to the Partnership by the tenants who paid such deposits), any loans or capital contributions to the Partnership from any Partner or otherwise, revenues from a sale of personal or real property of the Partnership, revenues from any affiliate of the Partnership or any other extraordinary revenues; minus

(b) All expenses related to operation of the Apartment Complex (excluding any Debt Service Expense, whether paid or accrued) payable by the Partnership during the applicable period, including, without limitation, the following items: (i) operating expenses; (ii) real and personal property taxes, special assessments or similar charges and sales or use taxes applicable to the operations of the Apartment Complex; (iii) property management fees; (iv) insurance expenses; (v) the funding of the Reserve For
Replacements and other reserves required under the Project Documents; (vi) marketing costs, leasing commissions, advertising and promotions costs; (vii) maintenance and repair costs related to the Apartment Complex; and (viii) legal and accounting fees related to the operation of the Apartment Complex; provided, however, that such disbursements shall exclude payments and distributions to be made pursuant to Article 9 of this Agreement and refunds to tenants of security deposits, and expenditures from the Reserves for Replacements and other reserves required to be maintained under the Project Documents to the extent that the funding of such reserves is otherwise considered an expense under the terms of this definition. All of the foregoing items included as expenses shall be calculated on an accrual basis with appropriate seasonal adjustments as permitted by SHF and in accordance with generally accepted accounting principles consistently applied. When calculating expenses, insurance expenses and taxes shall be pro-rated over the entire calendar year. In no event shall Operating Expenses include any Debt Service Expense.

"Notice" means written notice delivered under this Agreement, which is delivered in accordance with Section 15.11 of this Agreement and which contains the information required by this Agreement to be communicated to such Partner.

"Operating Deficit" means, for each month, the amount by which that month's Cash Receipts, plus any amounts available from Cash Reserves (provided that Cash Reserves can only be used to pay the item for which the reserve was established and cannot be used to pay capital expenditures) is exceeded by the sum of (a) the monthly operating and maintenance expenses of the Partnership, (b) Debt Service Expense then due, but excluding Debt Service Expense made from the proceeds of a Capital Transaction, (c) all other accruals made on a monthly basis for annual expenses, including but not limited to accruals for property taxes and insurance and (d) maintenance of Cash Reserves.

"Operating Deficit Loan" has the meaning set forth in Section 6.9(b) of this Agreement.

"Operating Reserve" has the meaning set forth in Section 5.1(b)(v) of this Agreement.

"Owner's Title Policy" has the meaning set forth in Section 4.1(d) of this Agreement.

"Partner" means any General Partner and any Limited Partner.

"Partner Loans" means collectively the LP Loans and the SLP Loans.

"Partnership" means Rockwall Senior Community, L.P., a Texas limited partnership.

"Payment Date" means, with respect to any Fiscal Year, the date which is ninety (90) days after the end of the such Fiscal Year.

"Percentage Interest" means, with respect to the General Partner, 0.05%, with respect to SLP, 0.05% and with respect to SHF, 99.9%.

"Permitted Exceptions" has the meaning set forth in Section 4.1(d) of this Agreement.
"Permitted Sources" means the sum of the following: (a) the proceeds of the Term Loan; (b) the proceeds of the HOME Loan; (c) the Initial Capital Contribution; (d) the Additional Capital Contributions (other than $8,434,187 of the First Additional Capital Contribution); (f) the proceeds of the Bridge Loan; (g) reimbursements from the seller of the Land for Development Costs currently estimated to be $312,000; and (h) the Deferred Development Fee; provided, however, that the aggregate amount of Permitted Sources (other than the Deferred Development Fee and the reimbursements referenced in clause (g)) shall not exceed the sum of $15,936,349 and the Upward Adjustor.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Plans and Specs" has the meaning set forth in Section 4.4(a) of this Agreement.

"Pre-Existing Environmental Condition" means the presence of any Hazardous Materials on, under or near the Land on or prior to the date of Completion.

"Prime Rate" means the prime commercial lending rate as published from time to time by J.P. Morgan Chase Bank of New York.

"Project Documents" means and includes the Term Loan Documents, the HOME Loan Documents, the Regulatory Agreements, the Management Agreement, the Development Agreement, the Construction Contract and all other instruments delivered to (or required by) any Project Lender or the Agency, and all other material documents relating to the Apartment Complex and by which the Partnership is bound, as amended or supplemented from time to time.

"Project Lenders" means the holder of the Project Loans, and its respective successors and assigns.

"Project Loans" means the Term Loan and the HOME Loan.

"Projected Credits" means (a) for the entire Credit Period, $10,424,330 and (b) for each full year during the Credit Period, $1,042,433; provided that for any partial year during the Credit Period, Projected Credits shall be adjusted appropriately.

"Property Manager" means the property manager for the Apartment Complex under the Management Agreement.

"Qualified Contract" has the definition given it in Section 42(h)(6)(F) of the Code.

"Regulations" means the regulations promulgated under the Code.

"Regulatory Agreements" means, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any applicable government agency setting forth certain terms and conditions under which the Apartment Complex is to be operated, including without limitation the Extended Use Agreement.
"Replacement Bridge Loan" shall have the meaning set forth in Section 5.2(e) of this Agreement.

"Reserve For Replacements" means the reserve for replacements to be established by the Partnership and administered in accordance with Section 6.14 of this Agreement.

"Right of First Refusal" has the meaning set forth in Section 6.5(c) of this Agreement.

"RSI" means AIG Retirement Services, Inc., a Delaware corporation.

"SAHP" means SunAmerica Affordable Housing Partners, Inc., a California corporation.

"Second Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(iii) of this Agreement.

"Secretary" has the definition given it in Section 7701(a)(11) of the Code.

"SHF" means SunAmerica Housing Fund 1472, A Nevada Limited Partnership.

"SLP Affiliated Entity" means (i) a limited partnership in which the SLP, Guarantor or an Affiliate of the SLP or Guarantor is a general partner or limited partner, and in which an Affiliate of SHF is a limited partner, or (ii) a limited liability company in which the SLP, Guarantor or an Affiliate of SLP or Guarantor is a manager or managing member, and in which an Affiliate of SHF is a member.

"SLP Loans" means the loans which may be made by SLP to the Partnership pursuant to Section 5.9(a) of this Agreement. Operating Deficit Loans shall not constitute SLP Loans.

"SLP Misconduct Event" shall have the meaning set forth in Section 6.9(g)(ii) of this Agreement.

"SLP Pledged Payments" shall have the meaning set forth in Section 6.13(a) of this Agreement.

"Special Additional Capital Contribution" has the definition given it in Section 5.1(b)(vi) of this Agreement.

"Stabilization" means for a period of three (3) consecutive calendar months commencing no earlier than the first month in which principal payments commence under the Term Loan, the Partnership achieves a Debt Service Coverage Ratio equal to or greater than 1.15 and at least 90% of the units in the Apartment Complex are occupied by qualified tenants.

"State" means the State of Texas.

"Substitute GP" shall have the definition given it in Section 8.4(a) of this Agreement.

"Substitute GP Amendment" shall have the definition given it in Section 8.4(c) of this Agreement.
"Substitute LP" means any Person admitted to the Partnership as a Limited Partner pursuant to Section 8.7(b) of this Agreement.

"Tax Credit" means the low-income housing tax credit allowed for certain low income housing projects pursuant to Section 42 of the Code.

"Tax Credit Compliance Guaranty Obligations" shall mean any amounts which are owed by SLP to SHF under Section 6.9(d)(i) or (ii) and any amounts which are payable under Section 6.9(d)(iv) solely from SLP Pledged Payments and distributions under Sections 9.1, 9.2 and/or 9.3.

"Tax Credit Loss Event" means any of the following: (a) any act, event or circumstance that gives rise to the recapture of Tax Credits under Code Section 42(j)(2), without regard to the posting of a bond as described in Code Section 42(j)(6); (b) the filing of a tax return or an amendment to a tax return by the Partnership that reflects a reduction or a disallowance of Tax Credits allocated to SHF pursuant to a previously filed tax return; (c) a disallowance of Tax Credits allocated to SHF following an assessment or audit by the IRS which results in the assessment of a deficiency by the IRS against the Partnership with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely appeal the decision resulting in such assessment and the collection of such assessment shall be stayed pending the disposition of such appeal; and (d) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment described in clause (c) above.

"Tax Credit Shortfall" means, as to any period of time, the difference between the Certified Credits for such period of time and the Actual Credits for such period of time. For purposes of determining the amount of the Tax Credit Shortfall, if there is an adjustment to Capital Contributions under Paragraph 5.1(c) because of a Late Delivery Adjustment, the Tax Credit Shortfall shall be reduced by the Late Delivery Adjustment.

"Tax Credit Tests" means the following: (a) that at least forty percent (40%) of the units in the Apartment Complex must be occupied by households with income at or below sixty percent (60%) of the area median gross income as required by Section 42(g)(1) of the Code; (b) that gross rents paid by tenants of low-income units in the Apartment Complex must not exceed thirty percent (30%) of the qualifying income standard applicable to the Apartment Complex as required by Code Section 42(g)(2)(A); (c) that at least eighty percent (80%) of gross income from the Apartment Complex in every year must be rental income from or with respect to dwelling units in the Apartment Complex used to provide living accommodations not on a transient basis; and (d) all other tests and requirements imposed under the Code or other applicable law to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements or by the Agency under the allocation of Tax Credits, including any reservation, Carryover Allocation or points awarded as part of the Application (including, without limitation, all requirements under the nonprofit set aside of the 2006 TDHCA Housing Tax Credit Program Qualified Allocation Plan and Rules).
"Tax Law Change" means any change in the Code which occurs after the date of this Agreement. A Tax Law Change does not include any changes in the Regulations or interpretative changes.

"Tax Matters Partner" means the General Partner, or any other Partner designated by SHF, acting in its capacity as a Limited Partner, or in its capacity as the Tax Matters Partner.

"Term Lender" means the holder of the Term Loan.

"Term Loan" shall have the definition given that term in Section 6.9(f)(i) of this Agreement.

"Term Loan Closing" means the closing of the Term Loan.

"Term Loan Documents" means the loan documents executed in connection with the Term Loan, including the loan agreement, the note and the mortgage or deed of trust.

"Third Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(iv) of this Agreement.

"Title Company" means Republic Title of Texas, Inc., or other title company acceptable to SHF.

Article 3
PURPOSE OF THE PARTNERSHIP

The purpose of the Partnership is to own the Land and to own, construct, hold, improve, maintain, operate, develop, sell, mortgage, exchange, finance and lease the Apartment Complex as a qualified low-income housing project within the meaning of section 42 of the Code, and to engage in any and all general business activities related or incidental thereto. The Partnership may also engage in such other activities as may be reasonably incident or appropriate to furthering the activities of the Partnership with respect to the Apartment Complex and the Land.

Article 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 SLP Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the SLP hereby represents, warrants and covenants to the Partnership and to the SHF that:

(a) The execution and delivery of this Agreement by the SLP and the performance by the SLP of the transactions contemplated hereby have been duly authorized by all requisite corporate actions or proceedings. The SLP is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.
(b) At the date hereof and at the time of commencement of construction, the Land is and will be properly zoned for the Apartment Complex, all consents, permissions and licenses required by all applicable governmental entities either have been or will have been obtained, and the Apartment Complex, as designed, conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations, the violation of which would have, or would be likely to have, an adverse effect on the Apartment Complex or the Partnership.

(c) All appropriate public utilities, including sanitary and storm sewers, water, gas, telephone, cable and electricity, are currently available and will be operating properly for all units in the Apartment Complex at the time of first occupancy of such units.

(d) A TLTA T-1 owner's title insurance policy will be issued by the Title Company in an amount equal to $16,248,349 concurrently with the closing of the Term Loan (the "Owner's Title Policy"), with the following endorsements if available in Texas: access, survey, zoning, fairways, non-imputation, subdivision map act and owner's comprehensive endorsements and such other endorsements as may be reasonably required by SHF. The Owner's Title Policy shall be subject only to such easements, covenants, restrictions and such other exceptions as are normally included in owner's title insurance policies in the jurisdiction in which the Apartment Complex is located and which are otherwise acceptable to SHF (the "Permitted Exceptions"). Good and marketable fee simple title to the Apartment Complex is held by the Partnership. The SLP has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership's lacking title insurance coverage based on imputation of knowledge of the SLP to the Partnership.

(e) The SLP is not aware of any default under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the SLP, Guarantor or the Partnership, or related to the business or assets of the Partnership or of the Apartment Complex, which default, claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement of over $10,000 against the SLP, Guarantor or the Partnership. The SLP shall immediately give Notice to SHF of the occurrence of any such default, claim, demand, litigation, proceeding or governmental investigation.

(f) None of the SLP, Churchill Communities, or Guarantor, or any senior officer involved in the management of the SLP, Churchill Communities or Guarantor has been convicted of a felony.

(g) To the best of its knowledge after due inquiry, the execution of this Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or the SLP or any Affiliate thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the SLP is a party or by which the Partnership or the Apartment Complex is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or, other than with respect to Project Loans, result in, create or
impose any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(h) The construction and development of the Apartment Complex shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (1) all applicable requirements of the Project Documents, (2) all applicable requirements of all appropriate governmental entities, the violation of which would have, or would be likely to have, an adverse effect on the Apartment Complex or the Partnership, and (3) the Plans and Specs of the Apartment Complex that have been or shall be hereafter approved by SHF, as such Plans and Specs may be changed from time to time with the Consent of SHF (subject to Section 4.4(a)).

(i) Neither the Partnership nor the SLP is obligated to pay any broker or finder fee in connection with the sale of the Apartment Complex to the Partnership.

(j) The SLP has not, either individually or on behalf of the Partnership, and the Partnership has not incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed in writing to SHF, or (ii) obligations which will be fully satisfied at or prior to the execution of this Agreement.

(k) The Partnership is a valid limited partnership, duly organized under the laws of the State, and has full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and has taken all action under the laws of the State and any other applicable jurisdiction or otherwise that is necessary to protect the limited liability of SHF and to enable the Partnership to engage in its business.

(l) No restrictions on the sale or refinancing of the Apartment Complex, other than the restrictions to be set forth in this Agreement, the Regulatory Agreements and Section 42 of the Code, exist as of the date hereof, and no such restrictions shall, at any time while SHF is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex, save and except pursuant to the Right of First Refusal and the Agency RoFR Agreement.

(m) To the best of its knowledge after due inquiry, at the time of the execution of this Agreement, the Partnership has fully complied with all applicable provisions and requirements of any and all purchase and/or lease agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex. It shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(n) Bradley E. Forslund owns and controls, and shall continue to own and control at all times during the term hereof all classes of interests of the SLP unless a change in ownership is consented to in writing by SHF (subject to Section 8.1(a)).

(o) All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing on the date hereof, have been paid in full on the Apartment Complex.
(p) No representation, warranty or statement of the SLP in this Agreement or in any document, certificate or schedule furnished or to be furnished to SHF pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(q) The SLP shall keep all sources of funding "in balance," as required by each Project Lender and SHF, and, with the funding of the Project Loans and the Bridge Loan and the Capital Contributions, has adequate sources of funds to timely achieve Stabilization and satisfaction of other obligations of the Partnership and the General Partner in accordance with this Agreement.

(r) Except as disclosed in the Owner's Title Policy, to the best of the SLP's knowledge after due inquiry, there are no special assessments of any nature with respect to the Land or the Apartment Complex or any part thereof currently pending, nor has the Partnership or the SLP received any notice of any special assessments or public improvements which are likely to result in such being contemplated; and there are no federal, state or local tax liens encumbering the Partnership's interest in the Land or the Apartment Complex other than the liens for taxes and assessments not yet due and payable.

(s) The SLP shall prevent a default from occurring under the Project Documents resulting from a breach by the SLP, Guarantor or their Affiliates of any term, condition or restriction applicable to such parties under the Project Documents, including, without limitation, a breach of a restriction on the ownership of the SLP or the financial condition of the SLP, Guarantor or their Affiliates.

(t) Neither the SLP nor its Affiliates will receive, directly or indirectly, from the Partnership or from any other Person, any fee, commission, compensation or other consideration in connection with (i) this Agreement, (ii) the acquisition of the Land, and/or (iii) the construction or operation of the Apartment Complex, except for the payment of fees and distributions to the SLP under this Agreement, to the Developers under the Development Agreement and to the Property Manager under the Management Agreement, and to Churchill Communities under the Construction Management Agreement of even date herewith (which fee to Churchill Communities is set forth in the Development Budget).

All of the representations, warranties and covenants contained in this Section 4.1 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The SLP shall indemnify and hold harmless SHF against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.2 SLP Representations, Warranties and Covenants Relating to Tax Credits and Tax Matters. As of the date hereof, the SLP hereby represents, warrants and covenants to the Partnership and to the Partners that:

(a) It is projected that there is sufficient Eligible Basis to provide an amount of Tax Credits equal to the Projected Credits.
(b) Any portion of the Development Fee included in Eligible Basis, including any portion the payment of which is deferred, is properly includible in Eligible Basis under the Code, the Regulations and IRS rulings as of the date hereof.

(c) The Apartment Complex will be developed in a manner which satisfies the Tax Credit Tests, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements.

(d) None of the costs to develop and construct the Apartment Complex has been paid for, directly or indirectly, from a grant of Federal funds pursuant to Section 42(d)(5)(a) of the Code, the proceeds of bonds the interest on which is exempt from tax under Section 103 of the Code or with the proceeds of a "below market federal loan" as defined in Section 42(i)(2)(d) of the Code, except for costs excluded from eligible basis of the Apartment Complex.

(e) The Partnership has received a valid Carryover Allocation with respect to the Apartment Complex in the amount of not less than the Projected Credits.

(f) The Apartment Complex is not a scattered site project within the meaning of Section 42(g)(7) of the Code.

(g) The Agency has issued a reservation letter and a Carryover Allocation for Tax Credits for the Apartment Complex in the amount of not less than the Projected Credits, and the Partnership will satisfy, on a timely basis, all requirements necessary to be eligible to receive from the Agency, in accordance with Section 42 of the Code, the issuance of Forms 8609 with respect to each of the buildings in the Apartment Complex reflecting Tax Credits in the amount of not less than the amount of Projected Credits annually.

(h) As of the later of (i) June 30, 2007 and (ii) the date that is six (6) months after the date on which the Carryover Allocation was made, the Partnership will have had an adjusted basis in the Apartment Complex of more than ten percent (10%) of the Partnership's reasonably expected basis in the Apartment Complex.

(i) The only tenant eligibility requirements or rent restrictions with which the Apartment Complex and the Partnership must comply, including restrictions necessary to receive the full amount of the Projected Credits, are the following: all of the units are subject to occupancy limitation and maximum rent Tax Credit Tests for the term of the Extended Use Agreement.

All of the representations, warranties and covenants contained in this Section 4.2 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The SLP shall indemnify and hold harmless SHF against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.3 General Partner Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the General Partner hereby represents, warrants and covenants to the Partnership and to the SHF that:
(a) The execution and delivery of this Agreement by the General Partner and
the performance by the General Partner of the transactions contemplated hereby have been duly
authorized by all requisite limited liability company actions or proceedings. The General Partner
is duly organized, validly existing and in good standing under the laws of the state of its
formation with power to enter into this Agreement and to consummate the transactions
contemplated hereby.

(b) To the best of its knowledge after due inquiry, the execution of this
Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of
the transactions contemplated by this Agreement do not violate any provision of law, any order,
judgment or decree of any court binding on the Partnership or the General Partner or any
Affiliate thereof, any provision of any indenture, agreement, or other instrument to which the
Partnership or the General Partner is a party or by which the Partnership or the Apartment
Complex is affected, and is not in conflict with, and will not result in a breach of or constitute a
default under any such indenture, agreement, or other instrument or, other than with respect to
Project Loans, result in, create or impose any lien, charge, or encumbrance of any nature
whatsoever upon the Apartment Complex.

(c) The General Partner has not made any misrepresentation or failed to make
any disclosure that will or could result in the Partnership's lacking title insurance coverage based
on imputation of knowledge of the General Partner to the Partnership.

(d) The General Partner is not aware of any default under any agreement,
contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or
governmental investigation pending or threatened against the General Partner or the Partnership,
or related to the business or assets of the Partnership or of the Apartment Complex, which
default, claim, demand, litigation, proceeding or governmental investigation could result in any
judgment, order, decree, or settlement of over $10,000 against the General Partner or the
Partnership. The General Partner shall immediately give Notice to SHF of the occurrence of any
such default, claim, demand, litigation, proceeding or governmental investigation.

(e) None of the General Partner, LifeNet or any senior officer involved in the
management of the General Partner or LifeNet has been convicted of a felony.

(f) To the best of its knowledge after due inquiry, the execution of this
Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of
the transactions contemplated by this Agreement do not violate any provision of law, any order,
judgment or decree of any court binding on the General Partner or any Affiliate of the General
Partner, any provision of any indenture, agreement, or other instrument to which the General
Partner is a party, and is not in conflict with, and will not result in a breach of or constitute a
default under any such indenture, agreement, or other instrument.

(g) The General Partner shall not enter into any amendment to the
Construction Contract without the Consent of SHF.
(h) The General Partner shall cause the Partnership to use the proceeds of each Draw solely for the purposes specified in the Contractor's Requisition relating to such Draw.

(i) The General Partner will cause the Partnership to obtain and maintain insurance in accordance with the requirements of Exhibit H.

(j) Neither the Partnership nor the General Partner is obligated to pay any broker or finder fee in connection with the sale of the Apartment Complex to the Partnership.

(k) The General Partner shall only use Partnership funds for legitimate Partnership purposes and shall not use Partnership funds for any purpose in violation of any Project Document.

(l) The General Partner has not, either individually or on behalf of the Partnership, and the Partnership has not incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed in writing to SHF, or (ii) obligations which will be fully satisfied at or prior to the execution of this Agreement.

(m) The Partnership will continue to be a valid limited partnership, duly organized under the laws of the State, and shall have and shall continue to have full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall continue to take all action under the laws of the State and any other applicable jurisdiction or otherwise that is necessary to protect the limited liability of SHF and to enable the Partnership to engage in its business.

(n) The General Partner shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of all applicable provisions and requirements of any and all purchase and/or lease agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex.

(o) LifeNet owns and controls, and shall continue to own and control at all times during the term hereof all classes of interests of the General Partner unless a change in ownership is consented to in writing by SHF.

(p) No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to SHF pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(q) At all times during the term of this Agreement, the Partnership shall comply with all applicable provisions of the Fair Housing Act, as amended.
(r) The General Partner will cause the Partnership to comply with any ongoing requirements under applicable Environmental Laws that affect the Land and the Apartment Complex.

(s) Neither The Partnership or the General Partner has received any notice of any special assessments or public improvements which are likely to result in such being contemplated.

(t) The General Partner shall prevent a default from occurring under the Project Documents resulting from a breach by the General Partner or its Affiliates of any term, condition or restriction applicable to such parties under the Project Documents, including, without limitation, a breach of a restriction on the ownership of the General Partner or the financial condition of the General Partner or its Affiliates.

(u) Neither the General Partner nor its Affiliates will receive, directly or indirectly, from the Partnership or from any other Person, any fee, commission, compensation or other consideration in connection with (i) this Agreement, (ii) the acquisition of the Land, and/or (iii) the construction or operation of the Apartment Complex, except for the payment of fees and distributions to the General Partner under this Agreement, and the payment of fees and distributions to LifeNet under the Construction Contract.

(v) The General Partner shall not commingle Partnership funds with funds of any other Person or misapply or misappropriate funds of the Partnership, including without limitation by the unauthorized payment of fees or lending of Partnership funds to Affiliates of the General Partner.

(w) The Apartment Complex will be operated in a manner which satisfies the Tax Credit Tests, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements.

(x) The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, as are necessary to achieve and maintain the maximum allowable Tax Credits during the Credit Period to SHF, unless otherwise directed by SHF. Any such elections (including elections made at the direction or with the Consent of SHF) shall not reduce the obligations of the General Partner pursuant to this Agreement.

(y) The General Partner has made the irrevocable election under Section 168(h)(6)(F)(ii) of the Code.

(z) The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, as are necessary to achieve and maintain the maximum allowable Tax Credits during the Credit Period to SHF, unless otherwise directed by SHF. Any such elections (including elections made at the direction or with the Consent of SHF) shall not reduce the obligations of the General Partner pursuant to this Agreement.
All of the representations, warranties and covenants contained in this Section 4.3 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The General Partner shall indemnify and hold harmless SHF against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.4 Joint Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the SLP and the General Partner hereby represent, warrant and covenant to the Partnership and to the SHF that:

(a) The SLP has submitted to SHF detailed for-construction plans and specifications for the construction and equipment of the Apartment Complex (including any club houses, pools, tot lots, fitness facilities or other amenities) as stamped by an architect and/or engineer (the "Plans and Specs"). In no event shall the Partnership commence construction without first having obtained the approval of the Term Lender and the Consent of SHF to the Plans and Specs. Neither the SLP nor the General Partner shall agree to any change orders or changes in the Plans and Specs in connection with the construction of the Apartment Complex without the consent of the SHF and the SLP other than (i) an individual change order to the Plans and Specs which involves a budget adjustment of less than $25,000; and (B) more than one change order to the Plans and Specs which involve, in the aggregate, a budget adjustment of less than $100,000 on a net basis; provided, however, that the SLP or General Partner shall notify the SHF of any change order to the Plans and Specs.

(b) The Partnership and LifeNet have entered into that certain construction contract relating to the construction of the Apartment Complex, and the General Partner has obtained the Consent of SHF thereto (the "Construction Contract"). In addition, LifeNet has entered into a subcontract with Contractor. The Construction Contract obligates LifeNet, and the Construction Subcontract obligates the Contractor, to construct the Apartment Complex in accordance with the Plans and Specs. No fee, rebate, discount or other consideration or fee (including any advisory or consulting fee) shall be paid to the Contractor in its capacity as the Contractor (or LifeNet as the general contractor) for the Apartment Complex (or in connection with the construction thereof) other than the amounts set forth in the Construction Contract or Construction Subcontract. In addition, no fee, rebate, discount or other consideration shall be paid to the Developers, the SLP or the General Partner by the Contractor or LifeNet. To the extent the costs of off-site improvements are not included as part of depreciable basis of the Apartment Complex and are paid with funds provided by the seller of the Land to the Partnership, such costs shall be paid by the Contractor, General Partner or seller of the Land (and not by the Partnership).

(c) No restrictions on the sale or refinancing of the Apartment Complex, other than the restrictions to be set forth in this Agreement, the Regulatory Agreements and Section 42 of the Code, shall, at any time while SHF is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex.

(d) Neither the General Partner, SLP nor the Partnership has entered into any other enforceable agreement or commitment with any other equity investor to acquire the Tax Credits, or, in the alternative, the General Partner, SLP and/or the Partnership has obtained
legally enforceable releases or termination agreements from all prior potential equity investors ("Potential Investors") with whom the General Partner, SLP and/or the Partnership has previously entered into an agreement whereby said Potential Investors may acquire the Tax Credits. The General Partner and SLP shall at all times indemnify and hold harmless SHF and its Affiliates (the "RSI Entities"), and all past and present officers, directors, managers, employees, partners, agents, shareholders, members, trustees, predecessors, successors, subrogees, attorneys, insurance carriers, and assigns of the RSI Entities (the "RSI Released Parties") against and from any and all claims, suits, actions, damages, costs, judgments and expenses, of any nature whatsoever, suffered or incurred by the RSI Released Parties as a result of the General Partner, SLP and/or the Partnership's prior dealings, negotiations, agreements, and/or commitments with Potential Investors.

(e) The Partnership has no employees and shall have none.

(f) Except as has been disclosed to SHF in writing, (i) no financing has been obtained by the Partnership whereunder Fannie Mae provides any credit support, guarantee, loss sharing arrangement or any other credit support or enhancement, and (ii) no consents of any governmental agencies, including, without limitation, 2530 Department of Housing and Urban Development clearances, are or shall be required in connection with the admission of limited partners to SHF.

(g) No financing will be obtained by the Partnership in which Fannie Mae provides any credit support, guarantee, loss sharing arrangement, or any other credit support or enhancement for any bonds providing the financing of the Apartment Complex. The Partnership shall not incur any new secured indebtedness or refinancing of secured indebtedness without the Consent of SHF.

(h) If SHF (or RSI) is requested to provide the following representations and warranties in connection with any direct or indirect transfer of limited partner interests in SHF, then upon the request of SHF or RSI, the General Partner and SLP shall provide to RSI a written certificate stating that the following is true and correct as of the date of such certificate (except as disclosed in such certificate): neither the Partnership, the General Partner nor the Land (A) is subject to investigation, examination or inquiry by any governmental or regulatory agency, (B) is engaged in litigation or a dispute likely to involve litigation or (C) has received notice of any violation of laws, including, without limitation, the Fair Housing Act of 1968 or regulations. After such certificate is requested, if the General Partner or SLP becomes aware of any facts or circumstances that would render the representations and warranties contained in such certificate untrue thereafter in the future, the General Partner and/or SLP shall promptly report such facts and circumstances to SHF in writing. In addition, upon the request of SHF, the SLP and General Partner shall provide to SHF a written certificate stating that the representations and warranties contained in Section 4.4(f) are true and correct as if made on the date of such certificate.

(i) The General Partner and SLP shall cause the Accountants to certify the Eligible Basis of the Apartment Complex in conjunction with the Partnership's application to the Agency for Forms 8609 and in conjunction with the audited cost certification of Eligible Basis prepared in connection with the making of the Second Additional Capital Contribution.
(j) The General Partner and SLP shall provide to the Accountants and SHF, promptly upon their request, such written documentation as is reasonably requested by the Accountants or SHF in order to verify the determination of Eligible Basis, including documentation supporting the allocation of any costs incurred by the Partnership into the determination of Eligible Basis.

(k) The General Partner and SLP shall execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 734, 743 and 754 of the Code, to adjust the basis of the Partnership's property upon the request of SHF, if, in the sole opinion of SHF, such election would be advantageous to SHF.

(l) The term of the Extended Use Agreement will not exceed 40 years and under the Extended Use Agreement the Partnership shall have the right to cause a termination of the Extended Use Agreement after the end of the Compliance Period, but prior to the end of such 40 year term, in accordance with Section 42(h)(6)(E)(i) of the Code.

(m) The General Partner shall cause the Partnership to comply in full with all rental restrictions and tenant income limitations and other requirements set forth in any regulatory agreement or other documents executed by the Partnership in connection with the HOME Loan, including, if applicable, Davis-Bacon Act (40 U.S.C. Sections 276a through 276a-5) compliance requirements and the overtime provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. Sections 327 through 332).

(n) The Partnership has not made, and neither the SLP nor the General Partners will cause the Partnership to make, an election under Regulations Section 301.7701-(3)(c) to be classified as an association taxable as a corporation.

(o) None of the SLP, the General Partners or the Partnership (i) is in violation of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 of the United States of America, as amended from time to time, or the rules and regulations promulgated thereunder from time to time; (ii) is a Person or entity described by section 1 of Executive Order 13224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (2001), and (iii) to the best knowledge and belief of the SLP and the General Partner, none of the SLP, the General Partner or the Partnership engages in any dealings or transactions, or is otherwise associated, with any such Persons or entities.

All of the representations, warranties and covenants contained in this Section 4.4 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The General Partner and SLP shall indemnify and hold harmless SHF against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.
Article 5
CAPITAL CONTRIBUTIONS, BRIDGE LOAN, PARTNER LOANS

5.1 Capital Contributions.

(a) General Partner and SLP.

(i) Initial Capital Contribution. Each of SLP and the General Partner has made a Capital Contribution to the Partnership of $100. Each of SLP and the General Partner represents that as of the date of this Agreement its Capital Account does not exceed $100.

(ii) SLP Special Capital Contribution. If the Partnership has not paid the Development Fee, including the Deferred Development Fee, in full by the first to occur of (A) the tenth anniversary of the date hereof, (B) the date of liquidation of the Partnership, or (C) the date of removal of SLP from the Partnership (the "DDF Outside Date"), then on the DDF Outside Date SLP shall make a Capital Contribution equal to the amount of such outstanding Development Fee (the "SLP Special Capital Contribution"). The Partnership shall use the proceeds of the SLP Partner Special Capital Contribution to pay such outstanding Development Fee.

(b) SHF. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.1(c) and 6.12 of this Agreement, SHF shall be obligated to make Capital Contributions to the Partnership in installments, as follows:

(i) Initial Capital Contribution. Concurrently with the execution hereof, SHF shall make an Initial Capital Contribution (the "Initial Capital Contribution") in the amount of $143,139. The Initial Capital Contribution shall be used to pay $35,000 of the legal fees of SHF, to pay the fee to SAHP pursuant to Section 5.2(b) and to pay $4,000 of Development Costs.

(ii) First Additional Capital Contribution. After satisfaction of all of the conditions set forth below, and review and approval by SHF of the items described below, SHF shall make a Capital Contribution in the amount of $8,734,187 (the “First Additional Capital Contribution”), subject to reduction as provided in Section 5.1(c) of this Agreement:

(A) Partner’s Certificate. SHF shall have received a certificate from each of SLP and the General Partner that the representations and warranties of such Partner contained herein are true and accurate as of the date of the proposed First Additional Capital Contribution and that such Partner and the Partnership are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed First Additional Capital Contribution.

(B) Bridge Loan. The Partnership shall have paid the Bridge Loan in full or will pay the Bridge Loan in full from the proceeds of and concurrently with the funding of the First Additional Capital Contribution.
(C) **Physical Inspection.** A construction consultant selected by SHF shall have prepared a physical inspection report.

(D) **Completion.** Completion of the Apartment Complex shall have occurred.

(E) **Title Policy.** To the extent available from the jurisdiction in which the Apartment Complex is located, the Title Company shall have issued the following endorsements to the Owner's Title Policy: (1) an endorsement indicating that the Partnership owns fee simple title to the Land; and (2) a "date down" endorsement extending the effective date of the Owner's Title Policy to the date of funding and showing no exceptions to the title other than the Permitted Exceptions, except as shall be acceptable to SHF. If such endorsements are not available in the jurisdiction in which the Apartment Complex is located, SHF shall have received evidence of the matters set forth such endorsements as SHF may reasonably require.

(F) **Survey.** SHF shall have received and approved an updated and re-certified "as-built" ALTA Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey (established and adopted by ALTA, ACSM and NSPS in 2005), which includes 1 through 4, 6 through 11 and 13 through 16 of Table A thereof, satisfactory to SHF.

(G) **"As-Built" Plans and Specifications.** SHF shall have received a written document executed by SLP, the architect and the Contractor certifying no material change to the approved "for-construction" Plans and Specs.

(H) **Permits, Licenses and Certificates of Occupancy.** SHF shall have received a copy of any permits and licenses which are required for the operation and use of the Apartment Complex and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Apartment Complex in its entirety.

(I) **Environmental Matters.** SHF shall have received a report in form satisfactory to SHF showing that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority. In addition, the General Partner or SLP shall have provided SHF evidence that the construction of the Apartment Complex did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex or were contained in any report by the Environmental Consultant have each been appropriately completed in a manner that fully complies with such recommendations and Environmental Laws.

(J) **Rent Roll.** The General Partner or SLP shall have delivered to SHF a current rent roll for the Apartment Complex certified to SHF by the General Partner (or SLP) and the Property Manager, and in form and substance
reasonably satisfactory to SHF, together with copies of all tenant leases, if requested by SHF.

(K) **Estoppel Certificates.** The General Partner or SLP shall have provided SHF with an estoppel certificate from the Term Lender (other than an Affiliate of RSI) or other evidence satisfactory to SHF that there are no defaults or events which, with notice or the passage of time, or both, would constitute a default under the Term Loan Documents.

(L) **Architect's Certificate.** The General Partner shall have delivered to SHF an architect's certificate in the form of AIA Form G704.

(M) **Payment of Taxes.** SHF shall have received satisfactory evidence (which may be included in the endorsements to the Owner's Title Policy described in Section 5.1(b)(ii)(E) of this Agreement) that all real property taxes and assessments for the Apartment Complex due and payable through the date of funding have been timely and fully paid.

(N) **Tax Credit Documents.** All documents provided to the Agency by the Partnership, SLP or the General Partner or provided by the Agency to the Partnership, SLP or the General Partner relating to the Tax Credits, including without limitation, the Application for Tax Credits, a Low-Income Housing Credit Reservation and a Carryover Allocation Agreement and confirmation that the Carryover Allocation Agreement indicates the Partnership is entitled to Tax Credits from the appropriate state or local Authority in an amount equal to or greater than the Projected Credits.

(O) **Other Documentation.** SHF shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in this Agreement.

(P) **Completion of Due Diligence.** SHF shall have received and approved any items which were required as a condition to any draw under the Bridge Loan but which SHF deferred until the First Additional Capital Contribution.

The funds contributed as the First Additional Capital Contribution shall be used (1) to repay amounts due under the Bridge Loan, and (2) the balance shall be used to pay a portion of the Development Fee in accordance with the Development Agreement.

(iii) **Second Additional Capital Contribution.** After satisfaction of the following conditions, SHF shall make a Capital Contribution in the amount of $908,115 (the "Second Additional Capital Contribution"), subject to reduction as provided in Section 5.1(c) of this Agreement:

(A) Satisfaction of the conditions to funding of SHF's First Additional Capital Contribution;
(B) receipt of any items which were required as a condition to the First Additional Capital Contribution but which SHF deferred until the Second Additional Capital Contribution;

(C) Stabilization (as defined in the deed of trust securing the Term Loan);

(D) receipt of an audited cost certification of Eligible Basis (as defined in Section 42(d) of the Code) for the Apartment Complex prepared by the Accountants and evidence that the application for issuance of Forms 8609 for the entire Apartment Complex has been submitted to the Agency;

(E) receipt by SHF of a copy of an as-recorded Extended Use Agreement;

(F) SHF shall have received satisfactory evidence that the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for the Apartment Complex equals or exceeds forty percent (40%) determined as of the last day of the first year of the Compliance Period.

(G) receipt of a certificate from each of the General Partner and the SLP that (1) the representations, warranties and covenants in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) made by such Partner continue to be true and accurate through the date of the proposed Second Additional Capital Contribution, and (2) the Partnership and such Partner are not in default of any of their obligations with respect to the Partnership or the Apartment Complex at such time; and

(H) receipt of such other documentation as it may reasonably request to verify the accuracy of the representations and warranties of SLP and the General Partner and compliance with the covenants, duties and obligations of SLP and the General Partner set forth in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement).

The Partnership shall use the Second Additional Capital Contribution to pay a portion of the Development Fee in accordance with the Development Agreement.

(iv) Third Additional Capital Contribution. After satisfaction of the following conditions, SHF shall make a Capital Contribution in the amount of $250,908 (the "Third Additional Capital Contribution"), subject to reduction as provided in Section 5.1(c) of this Agreement:

(A) Satisfaction of the conditions to funding of SHF's Second Additional Capital Contribution;

(B) receipt of any items which were required as a condition to the First Additional Capital Contribution or the Second Additional Capital Contribution but which SHF deferred until the Third Additional Capital Contribution;
(C) since funding of the Second Additional Capital Contribution, the average monthly Debt Service Coverage Ratio, as reasonably approved by SHF, is equal to or greater than 1.10;

(D) SHF shall have received copies of Forms 8609 for the entire Apartment Complex executed by the Agency;

(E) receipt of a certificate from each of SLP and the General Partner that (1) the representations, warranties and covenants in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) by such Partner continue to be true and accurate through the date of the proposed Third Additional Capital Contribution, and (2) the Partnership and such Partner are not in default of any of their obligations with respect to the Partnership or the Apartment Complex at such time; and

(F) receipt of such other documentation as it may reasonably request to verify the accuracy of the representations and warranties of SLP and the General Partner and compliance with the covenants, duties and obligations of SLP and the General Partner set forth in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement).

The Partnership shall use the Third Additional Capital Contribution to pay a portion of the Development Fee in accordance with the Development Agreement.

(v) Cost Savings and Operating Reserve.

(A) The Accountants shall determine the amount of Cost Savings as of the date of the Second Additional Capital Contribution. Subject to Section 5.1(c)(ii) of this Agreement, if Cost Savings exist, the Partnership shall use Cost Savings as follows: (i) until the Deferred Development Fee has been paid in full, to payment of the Deferred Development Fee, then (ii) up to $200,000 (in the aggregate including any payments made from an Upward Adjuster) shall be paid to SLP as a "completion guaranty fee" and then (iii) to reduce the balance of the Term Loan.

(B) The Partnership shall establish an operating reserve of up to $212,732 (the "Operating Reserve") from the proceeds of the Bridge Loan. The Partnership shall be entitled to use any funds in the Operating Reserve as determined by SLP and SHF. Any funds remaining in the Operating Reserve at the time the Partnership has achieved a Debt Service Coverage Ratio of 1.0 for the twelve consecutive calendar months immediately preceding the date of disbursement (provided, however, such disbursement shall not occur prior to the expiration of the Initial Period) shall be disbursed as follows: (1) until the Deferred Development Fee has been paid in full, to payment of the Deferred Development Fee, then (2) the balance, if any, shall be paid to the Partners as follows: the NCF Percentage of the balance shall be divided 12.5% to the General Partner and 87.5% to SLP as an "operating deficit guaranty fee" and the remainder to SHF as a distribution.
(vi) Special Additional Capital Contributions. If, in any Fiscal Year, SHF's Capital Account balance may be reduced to or below zero, SHF may, in its sole and absolute discretion, make a special additional Capital Contribution to the Partnership in an amount reasonably required to avoid the reduction of SHF's Capital Account balance to or below zero (a "Special Additional Capital Contribution"). If SHF makes a Special Additional Capital Contribution to the Partnership pursuant to this Section 5.1(b)(vi), SHF shall receive a guaranteed payment pursuant to Section 5.6 of this Agreement for the use of its Special Additional Capital Contribution.

(c) Adjustment to Capital Contributions of SHF. Upon the issuance of Forms 8609, the Accountants shall calculate the Upward Adjustor or the Downward Adjustor, as applicable. If subsequent events result in an increase or decrease in the Late Delivery Adjustment, then the Accountants shall recalculate the Upward Adjustor or the Downward Adjustor, as applicable, and the Partners or the Partnership, as appropriate, shall make payments pursuant to Sections 5.1(c)(i) and 5.1(c)(ii) of this Agreement to reflect such recalculation.

(i) If there is a Downward Adjustor, then the Capital Contributions of SHF shall be immediately reduced by the Downward Adjustor. The Downward Adjustor shall first reduce the First Additional Capital Contribution and then the Second Additional Capital Contribution (if either contribution has not previously been funded), and then to the extent necessary, the Third Additional Capital Contribution. If the Downward Adjustor exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then SLP shall make a payment to the Partnership within seventy-five (75) days after the Accountants deliver to the Partners a written calculation of the Certified Credits equal to the amount of such excess, and the Partnership shall immediately distribute such amount to SHF as a return of its Capital Contributions. Such payment by SLP shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or credit as a Capital Contribution which would otherwise result in any increase in the Capital Account of SLP.

(ii) If there is an Upward Adjustor, then the Third Additional Capital Contribution shall be increased by the Upward Adjustor. The Partnership shall use the increase in the Third Additional Capital Contribution (A) first to pay Development Costs (other than Operating Deficits), and (B) then, in the same manner as Cost Savings is used pursuant to Section 5.1(b)(v) of this Agreement.

(iii) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

"Upward Adjustor" shall mean the following: if there is a Certified Credit Increase, the positive amount, if any, by which the Certified Credit Increase exceeds the Late Delivery Adjustment.

"Downward Adjustor" shall mean the following: (a) if either there is a Certified Credit Decrease or if the Certified Credit Adjustment is zero, then the Certified Credit Decrease plus the Late Delivery Adjustment; or (b) if there is a Certified Credit Increase, the positive amount, if any, by which the Late Delivery Adjustment exceeds the Certified Credit Increase.
"Certified Credit Adjustment" shall equal the product of (a) Certified Credits for the Credit Period (excluding any Tax Credits resulting from an increase in qualified basis under Section 42(f)(3) of the Code), minus $10,413,906, and (b) $0.95. The Certified Credit Adjustment may be a positive or negative number. A positive Certified Credit Adjustment is referred to as a "Certified Credit Increase"; a negative Certified Credit Adjustment is referred to as a "Certified Credit Decrease".

"Late Delivery Adjustment" shall mean the amount, if any, by which $500,000 for Fiscal Year 2008 exceeds Actual Credits for such year and the amount, if any, by which 100% of Certified Credits for Fiscal Year 2009 and each Fiscal Year thereafter prior to issuance of Forms 8609 exceeds Actual Credits for such year.

(iv) The General Partner and SLP shall cause the Accountants to provide to the Partners a calculation of the Certified Credits for each year during the Credit Period based, among other things, on the Forms 8609 issued by the Agency for all the buildings comprising the Apartment Complex and on the cost certification prepared in connection with the application by the Partnership for Forms 8609.

(d) Payment of Legal Fee Amount; Excess Legal Fee Capital Contributions. The Partnership shall pay the legal fees, costs and expenses incurred by SHF in connection with this Agreement, the due diligence activities of SHF and the closing of the transactions described herein ("Legal Fees"). If the Legal Fees exceed $35,000, then SHF shall make a Capital Contribution to fund the amount of such excess. If SHF has funded its Initial Capital Contribution and satisfied its obligation to make any Capital Contribution required of it under this Section 5.1(d), then the Partnership shall pay the Legal Fees either upon execution of this Agreement or within ten (10) days after receipt of invoices, with respect to Legal Fees billed after the execution of this Agreement. SHF's agreement to make a Capital Contribution or Capital Contributions equal to the amount of the excess over $35,000 does not apply to legal fees, costs or expenses incurred by SHF in connection with any subsequent amendments or further transactions relating to the Partnership or the Apartment Complex.

(e) Deposits of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a segregated checking, savings and/or money market or similar account to be established and maintained in the name of the Partnership or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership business under this Agreement.

5.2 Bridge Loan.

(a) SHF shall cause a loan to be made to the Partnership (the "Bridge Loan") in the maximum amount of $8,434,187; provided, however, none of the Bridge Loan shall be available for draw prior to the Partnership receiving the proceeds of the Project Loans. The Bridge Loan shall be used to pay for costs of constructing the Apartment Complex.
(b) In consideration of arranging the Bridge Loan, the Partnership shall pay a fee to SAHP in the amount of $104,139.

(c) The Bridge Loan shall be a recourse obligation of the Partnership, advanced in accordance with the procedures set forth in this Section. 5.2. The Bridge Loan may be guaranteed by the Bridge Loan Guarantor.

(d) The Bridge Loan shall be made in accordance with the Bridge Loan Note; provided, however, that, notwithstanding the contrary provisions of the Bridge Loan Note, as between SHF and the Partnership, the following terms and provisions shall also apply:

(i) The term and interest rate (which may include a guarantee fee payable to the Bridge Loan Guarantor or its designee and which may be one or a blend of the rate alternatives set forth in the Bridge Loan Note) shall be selected by the Bridge Loan Guarantor or its designee.

(ii) On the due date for any principal installment of the Bridge Loan, the Partnership shall pay to the Facility Account an amount equal to the outstanding principal amount of the Bridge Loan Note due on such date. Payments of principal and interest (as such interest is to be paid pursuant to Section 5.2(d)(iv)) owing on the Bridge Loan shall be made directly to the Facility Account and, from the Facility Account, will be paid to the maker of the Bridge Loan and if necessary, to SHF and/or the Bridge Loan Guarantor or its designee to repay any BL Advances and/or any funds advanced by any of them to the Bridge Loan lender for the account of the Partnership. The Bridge Loan Guarantor or its designee may maintain and invest all funds in the Facility Account without obligation to pay interest on any invested funds. SHF shall cause payments to the Facility Account by the Partnership to be applied against the Bridge Loan Note as and when required by the terms of the Bridge Loan Note.

(iii) The Bridge Loan shall be due on the earlier of the second anniversary of the date hereof or the date on which the First Additional Capital Contribution is made, and may be prepaid at any time without premium or penalty at the option of the Partnership.

(iv) SHF shall fund, or cause to be funded by an Affiliate, Excess Interest before the time at which a default would occur under the Bridge Loan by reason of a failure to pay such Excess Interest. At the option of SHF, such fundings shall constitute either Capital Contributions ("BL Capital Contributions") or loans ("BL Advances"). Any BL Advance shall be a non-recourse loan, collectible only from a BL Capital Contribution. If SHF elects to treat all or a portion of such fundings as BL Advances, then on the date of the funding of the First Additional Capital Contribution, it shall make a BL Capital Contribution to repay the BL Advances (such BL Capital Contribution may be made by SHF's election to convert BL Advances to BL Capital Contributions on a dollar-for-dollar basis). SHF may wire transfer or otherwise fund BL Advances or BL Capital Contributions directly to the Facility Account to facilitate payment of the Bridge Loan.

(e) SHF shall have the right at any time to make or arrange for a substitute, renewal or replacement of a Bridge Loan (a "Replacement Bridge Loan"), provided that such
substitution, renewal or replacement does not have a material adverse effect on the General Partner or the Partnership. If SHF arranges for a Replacement Bridge Loan, the General Partner shall cause the Partnership to execute and deliver a replacement of the Bridge Loan Note (a "Replacement Bridge Loan Note") upon request of SHF. Nothing herein shall be construed as authorizing a loan origination fee for such Replacement Bridge Loan. Amounts outstanding under the existing Bridge Loan Note shall be repaid from proceeds of the Replacement Bridge Loan. Upon the making of a Replacement Bridge Loan and the execution of a Replacement Bridge Loan Note, all references in this Agreement to the Bridge Loan and the Bridge Loan Note shall be deemed to be references to the Replacement Bridge Loan and Replacement Bridge Loan Note.

(f) [Intentionally left blank].

(g) Each advance of proceeds of the Bridge Loan shall be conditioned on neither the Partnership, the General Partner nor the SLP being in default of any of their obligations under this Agreement or any Project Document, and the representations, warranties and covenants of the General Partner and the SLP in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) being true and accurate.

(h) SHF has designated SAHP as its agent for the purpose of reviewing copies of requests for draws under the Bridge Loan, the Term Loan and Capital Contributions to pay costs of constructing the Apartment Complex ("Draws"). SHF has the right, exercisable from time to time as hereinafter provided, to substitute another person or entity as its agent for such purpose by delivering to the Partnership written notice of the appointment of a successor agent. The agent at any time serving as the agent of SHF hereunder shall hereinafter be called the "Agent."

(i) Draws under the Bridge Loan shall be requested as follows:

(i) Not more than once a month and not less than five (5) Business Days before the date on which the Partnership desires a Draw to be made, the Partnership shall deliver to the Agent the following documents (together, the "Draw Documents"):

(A) an original Contractor's requisition for payment (the "Contractor's Requisition") in a form reasonably satisfactory to the Agent (American Institute of Architects standard form G-722 or G-702/G-703 shall be deemed satisfactory) certified by the architect for actual improvements in place and for materials securely stored on site through the date of that requisition;

(B) an original Schedule of Values showing costs incurred in the various construction and soft cost categories, summarized in a format provided by the Agent, together with copies of invoices or other appropriate backup information required by SHF or the Agent;

(C) a certification from the General Partner that as of the date of the Draw request neither the Partnership nor such Partner is in default of any of their obligations under this Agreement or any Project Document, and the representations,
warranties and covenants of such Partner in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) continue to be true and accurate;

(D) a certification from SLP that as of the date of the Draw request neither the Partnership nor such Partner is in default of any of their obligations under this Agreement or any Project Document, and the representations, warranties and covenants of such Partner in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) continue to be true and accurate;

(E) a copy of the Owner's and Contractor's Affidavit (construction in progress) in the form of Exhibit E, duly executed and acknowledged on behalf of the Contractor, LifeNet and the Partnership;

(F) copies of the partial waiver of liens (subject to retainages) for current invoices and the unconditional waiver of liens for past invoices, of each subcontractor and material supplier, as to all work performed and materials purchased for which the immediately preceding Draw, if any, had been made, in form acceptable to the Title Company, and an accounting prepared by the Contractor of all payments made under the immediately preceding Draw;

(G) with respect to the first Draw made after the pouring of foundations, a foundation survey of the real property (locating the foundations only);

(H) a copy of the project schedule, updated monthly, showing the progress of the work; and

(I) endorsements issued by the Title Company to the Owner's Title Policy which (a) increase the coverage thereunder by the amount of the Draw and (b) report no exceptions for filed mechanics or materialmen's liens or other liens not previously included on the Owner's Title Policy (or if such liens are reported, affirmatively insures the insured thereunder against loss or damage caused by such liens).

In addition, no advances shall be made under the Bridge Loan until SHF receives and approves items number 1.64, 2.17 and 2.21 of the Due Diligence Checklist attached hereto as Exhibit Q. SHF agrees that there shall not be any retainage on draws made under the Bridge Loan to pay general conditions (not contractor profit) of the Contractor.

(ii) The Agent shall have five (5) Business Days after receiving the Draw Documents in which it has the right, exercisable by notice by facsimile transmittal to the Partnership, to object to the Draw on the basis that the Draw Documents are incomplete or inaccurate, or do not otherwise comply with the Project Documents or this Agreement. As soon as practical after receipt of such notice, the Partnership shall complete the Draw Documents, correct all inaccuracies and resubmit the Draw Documents for approval. If the Agent does not object to the Draw Documents within such five-day period, the Draw Documents shall be deemed approved. Review of the Draw Documents may proceed concurrently with review by the lenders under the Project Loans, provided if the Agent requires any corrections, the General Partner shall promptly make such corrections on all Draw Documents being processed by such lenders.
(iii) Within five (5) Business Days after the Agent approves the Draw Documents, SHF shall authorize funding of the Draw by wire transfer to the Partnership.

5.3 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.4 Legal Opinion. As a condition precedent to SHF's making or causing the Bridge Loan to be made and making the Initial Capital Contribution, SHF shall receive an opinion of counsel with respect to the matters set forth in Exhibit M which shall explicitly state that counsel to RSI may rely upon it.

5.5 Repurchase Obligation.

(a) If (i) all Tax Credit units in the Apartment Complex are not placed in service by December 31, 2008, or (ii) Forms 8609 are not issued by the State Agency by the date necessary to allow the Partnership to claim Tax Credits for the first year of the Credit Period unless caused solely by the delay of the Agency, or (iii) the Partnership fails to meet any Tax Credit Test by the close of the first year of the Credit Period, or (iv) the Partnership's basis in the Apartment Complex for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of June 30, 2007, or such other date specified by the Agency is less than ten percent (10%) of the Partnership's reasonably expected basis in the Apartment Complex, as required pursuant to Section 42(h)(1)(E) of the Code, or (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period (any of which is a "Repurchase Event"), then SHF, in each case, shall have the right (individually, a "Repurchase Put"), but not the obligation, to require SLP to purchase the Interest of SHF on the terms set forth in this Section 5.5.

(b) The terms of each Repurchase Put shall be as follows: (i) it shall be exercisable until 60 days after the date on which SLP delivers notice to SHF that a Repurchase Event has occurred; (ii) SHF shall exercise the Repurchase Put by giving Notice to SLP; (iii) the closing of the Repurchase Put shall occur on the date sixty (60) days after SHF delivers the Notice of its exercise of the Repurchase Put (the "Repurchase Closing Date"); (iv) at the closing of the Repurchase Put, SLP shall cause the Partnership to pay the Bridge Loan and any LP Loans in full; and (v) on the Repurchase Closing Date, SLP shall make a payment to SHF by wire transfer of immediately available funds in the amount of the sum of its Capital Contributions, and interest on such Capital Contributions at the annual rate of the Prime Rate plus two percent (2%) per annum or ten percent (10%) per annum, whichever is greater, but in no event greater than the highest rate permitted by law; (vi) by the Repurchase Closing Date, SLP shall cause the Partnership to effect the release of any letter of credit, guaranty or collateral which SHF or its Affiliates may have provided to secure obligations of the Partnership and to reimburse SHF and its Affiliates for any loss, damage or liability they may have incurred as a result of providing any such letter of credit, guaranty or collateral; (vii) SLP shall indemnify, defend and hold harmless SHF and its Affiliates from any losses, damages, and/or liabilities, to or as a result of claims to which SHF may be subject as a result of its Interest in the Partnership; and (viii) provided SLP shall have satisfied its obligations relating to the Repurchase Obligation, SHF shall execute a document wherein it withdraws from the Partnership and acknowledges that it has no Interest in the Partnership.
5.6 Guaranteed Payments. No later than ninety (90) days after the end of the Fiscal Year, any Partner who has made a Special Additional Capital Contribution shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership, on the proceeds of such Special Additional Capital Contributions. The Partnership shall invest the proceeds of such Special Additional Capital Contributions as reasonably directed by the contributing Partner. Both the interest earned on the proceeds of such Special Additional Capital Contributions and any guaranteed payment due to a Partner shall be excluded from Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear at a rate equal to the lesser of fifteen percent (15%) per year and the highest rate permitted by law.

5.7 Assignment to the Partnership. Each of SLP and the General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and related to the Apartment Complex, including the following: (a) all contracts with architects, contractors (including the Contractor and all subcontractors) and supervising architects with respect to the development of the Apartment Complex; (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits; (c) any and all commitments with respect to the Term Loan and the Tax Credits; (d) any and all rights under and pursuant to the Project Documents; and (e) any other work product related to the Apartment Complex. Each of SLP and the General Partner represent that they have good title to the property transferred and assigned pursuant to this Section 5.7 and have held such title as a nominee of the Partnership as owner of such property. The property transferred and assigned pursuant to this Section 5.7 shall not constitute a Capital Contribution inasmuch as the applicable transferring Partner held such property as nominee of the Partnership.

5.8 Payment of Environmental Assessment Consultant Fees. The Partners acknowledges that, on behalf of SHF, SAHP will retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to SHF by the General Partner or SLP (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land or the rehabilitation of existing buildings. SHF shall be solely responsible for the payment of the fees of the Environmental Consultant up to a cumulative maximum of $1,000.00. The Partnership shall be solely liable for the payment of fees charged by the Environmental Consultant in excess of $1,000.00, and the Partnership shall pay such fees within thirty (30) days after receipt of invoices.

5.9 Partner Loans.

(a) SLP Loans. SLP shall have the right, but not the obligation, to make loans to the Partnership subject to the conditions and on the terms set forth in this Section 5.9 ("SLP Loans"). SLP Loans shall be on the following terms: (i) the right of SLP to make SLP Loans is subject to the condition that SLP shall not be in default in its obligations under this Agreement (including without limitation its obligations under Section 6.9); (ii) SLP Loans shall be used exclusively to fund Operating Deficits and other reasonable and necessary expenses of the Partnership Agreement Rockwall Senior Community, L.P.
Partnership; (iii) interest shall accrue on the Excess SLP Loan Amount at an annual interest rate of fifteen percent (15%), compounded annually, and on the balance of the SLP Loans at an annual interest rate of ten percent (10%), compounded annually; and (iv) SLP Loans shall be payable solely at the time, and in the manner and order of priority set forth in Sections 9.1, 9.2 and 9.3 of this Agreement. By making a SLP Loan, SLP does not waive, release or modify any claim of, or remedies with respect to a default, if any, by SHF under this Agreement.

(b) LP Loans. SHF, or its designee, shall have the right, but not the obligation, to make loans to the Partnership subject to the conditions and on the terms set forth in this Section 5.9 ("LP Loans"). LP Loans shall be on the following terms: (i) LP Loans shall be used exclusively to fund Operating Deficits and other reasonable and necessary expenses of the Partnership; (ii) interest shall accrue on Default LP Loans at an annual interest rate of eighteen percent (18%) compounded annually; (iii) interest shall accrue on the Excess LP Loan Amount (excluding Default LP Loans) at an annual interest rate of fifteen percent (15%), compounded annually, and on the balance of the LP Loans (excluding Default LP Loans) at an annual interest rate of ten percent (10%), compounded annually; and (iv) LP Loans shall be payable solely at the time, and in the manner and order of priority set forth in Sections 9.1, 9.2 and 9.3 of this Agreement, and Default LP Loans shall also be payable from the proceeds of any payments made by the General Partner or SLP to the Partnership to cure defaults by the General Partner or SLP that gave rise to such Default LP Loans. By making an LP Loan, SHF does not waive, release or modify any claim of, or remedies with respect to a default, if any, by the General Partner or SLP under this Agreement.

(c) Notice of Loans. If either SHF or SLP desires to make a Partner Loan, such Partner (the "Initiating Partner") shall give the other (the "Non-Initiating Partners") Notice of the Initiating Partner's intent to fund a Partner Loan, which Notice shall state the following: (i) the total amount of the Partner Loan proposed to be funded; (ii) the purpose for the proposed Partner Loan; and (iii) the proposed funding date of such Partner Loan, which date (the "Funding Date") shall not be less than fifteen (15) days following the date of such Notice; provided that (A) the notice requirement shall be shortened to the extent necessary to permit a Partner to fund a Partner Loan for the purpose of curing or preventing the occurrence of a default under the Project Loans or under the Project Documents, and (B) if the SLP is in default in its obligations hereunder, SHF may fund a Partner Loan without prior Notice to SLP. The Non-Initiating Partner shall notify the Initiating Partner at least five (5) days prior to the Contribution Date whether and in what amount the Non-Initiating Partner intends to make a Partner Loan to the Partnership, which amount may be up to, but not in excess of, fifty percent (50%) of the total proposed Partner Loan. The Initiating Partner and the Non-Initiating Partners shall each fund the portion of the Partner Loan it agreed to make by the Contribution Date. If a Partner fails to make such Partner Loan to the Partnership on or before the Contribution Date, the Partner who makes such Partner's share of the Partner Loan may, at such Partner's option, advance to the Partnership the amount of the non-lending Partner's share of the Partner Loan. Without limiting the generality of the foregoing, SHF shall have the right to propose and fund a Partner Loan for the purpose of payment of any indebtedness owed to RSI or its Affiliates. No Partner has the right to propose and fund a Partner Loan to fund distributions and/or payments to be made pursuant to Sections 9.1, 9.2 and 9.3 of this Agreement and SLP shall not have the right to propose and fund a Partner Loan to fund any indemnity obligation of the Partnership to SLP.
(d) Documentation of Partner Loans. At the request of a Partner, which request may be made quarterly, any Partner Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such Partner Loans made during or prior to the preceding calendar quarter. Partner Loans shall be an unsecured loan by such Partner and the Partners shall have no recourse to the assets of the General Partner or SLP for the repayment thereof, except SHF shall have recourse to the assets of SLP for repayment of Default LP Loans. Partner Loans shall not be considered Capital Contributions, and shall not increase such lending Partner's Capital Account.

(e) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a Partner Loan, in no event shall interest accrue on any Partner Loan at a rate in excess of the highest rate permitted by applicable law.

(f) Capital Contribution Alternative. If a Partner that has made or intends to make a Partner Loan (a "Lending Partner") reasonably concludes that the operation of the usury savings clause in Section 5.9(e) of this Agreement will result in a reduction in the interest rate otherwise specified in this Section 5.9(f), or if SHF reasonably concludes that it may now have or sometime in the future likely will have a negative Capital Account, then the Lending Partner may request that its existing or proposed Partner Loans be restructured as Capital Contributions. In such event, all the Partners shall cooperate to negotiate and execute an amendment to this Agreement, which shall include the following terms: (i) each of SHF (or its designee) and the General Partner has the right to make Capital Contributions pursuant to such amendment ("Section 5.9 Capital Contributions") either instead of making LP Loans and SLP Loans, respectively, or to fund the concurrent repayment by the Partnership of LP Loans or SLP Loans, respectively; (ii) with respect to such Section 5.9 Capital Contributions, the Partner(s) making them shall be entitled to receive (A) guaranteed payments or a preferred return in amounts and at times corresponding to interest payments that would have been due had the Section 5.9 Capital Contributions been made as Partner Loans, and (B) distributions as a return of capital in amounts and at times corresponding to principal payments that would have been due had the Section 5.9 Capital Contributions been made as Partner Loans; (iii) Article 9 shall be revised to the maximum extent feasible to provide that such guaranteed payments or a preferred return and return of capital distributions shall have the same amounts, timing, priority of payment and tax consequences as the corresponding payments of Partner Loans would have had; and (iv) the definition of the NCF Percentage shall be revised so that Section 5.9 Capital Contributions shall have the same effect on reductions in the NCF Percentage as Partner Loans. Notwithstanding the foregoing, SHF shall have no obligation to consent to any amendment pursuant to this Section 5.9(f), which it concludes could adversely affect the timing or amount of the allocation to SHF of Tax Credits, losses, income or gains.

Article 6

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

6.1 Management of the Partnership. Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall be responsible for the management of the Partnership's business and shall manage the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so
doing, the General Partner shall take all actions necessary or appropriate to protect the interests of SHF and of the Partnership. The General Partner shall devote such time as is necessary to conduct the business of the Partnership.

6.2 Duties and Obligations of the General Partner. The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership:

(a) While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Partnership for federal income tax purposes without the Consent of SHF, or (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation.

(b) The General Partner shall conduct the affairs of the Partnership with due and reasonable care and prudence, and at all times in the best interest of the Partnership. Specifically, without limitation, the General Partner shall have a fiduciary responsibility for the safekeeping and proper use of all funds and assets of the Apartment Complex, and shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership.

(c) All of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the Apartment Complex and the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for those created pursuant to the Loan Documents.

(d) The General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns.

(e) The General Partner shall comply and cause the Partnership to comply with the provisions of all applicable governmental requirements and the Project Documents.

(f) The General Partner shall be responsible for the payment or other satisfaction of any fines, penalties or sanctions imposed pursuant to the Project Documents and any documents executed in connection with obtaining Tax Credits (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of the General Partner or its Affiliates, whether imposed by the Agency or any Project Lender or any other party thereto.

(g) The General Partner shall immediately give Notice to SHF of any written or oral notice of (i) any default or failure of compliance with respect to any Project Loan or Project Document or any other financial, contractual or governmental obligation of the Partnership or the General Partner, or (ii) any IRS proceeding or other governmental investigation regarding the Apartment Complex, the Partnership, the General Partner, the SLP or Guarantor. With respect to any such default, failure to comply, proceeding or investigation, the General Partner shall provide SHF and its agents full access to all related documentation and
written materials, as well as the opportunity to discuss such matters with the individuals that are involved.

(h) [intentionally left blank]

(i) The General Partner shall maintain, at the offices of SLP, for the Partners and the Partnership, books, files and records including tenant leasing files in compliance with the Code, the Regulations and which will adequately document the timing, amount and availability of the Tax Credits. The General Partner shall cause construction related files and files which document the initial qualification of apartment units for Tax Credits to be copied and stored off-site at the SLP’s principal place of business or at another location over which the General Partner or SLP has potential control for a period of not less than 21 years; provided, however, that the General Partner may change such location from time to time after ten (10) days prior Notice to SHF and SLP. Within 30 days of the date on which all units in the Apartment Complex have been occupied, the General Partner or SLP shall provide SHF with a copy of all files which document the initial qualification of units for Tax Credits. Within five days’ Notice from SHF, the General Partner or SLP shall afford SHF and its agents access to all such files, including files stored off-site during ordinary business hours. All such files are property of the Partnership and not of the General Partner or SLP.

(j) The General Partner shall be solely responsible for the following: (i) analyzing the qualified allocation plan for targeted areas within the State; (ii) identifying potential land sites and analyzing the demographics of potential sites; (iii) analyzing the economy and forecasting future growth potential of the geographic area in which the Apartment Complex is located; (iv) determining the Land’s zoning status and possible rezoning strategies (except to the extent that the Developers are responsible for compliance with zoning regulations); (v) contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances; (vi) performing environmental tests on the Land (except to the extent that the Developers are responsible for such tests on any buildings or Land immediately below the buildings); (vii) negotiating the purchase of the Land and its related financing; (viii) processing necessary documentation with the Agency in connection with Tax Credits; (ix) arranging the permanent financing for the Partnership; and (x) arranging for the admission to the Partnership of SHF. In consideration for its services set forth in this subsection, the General Partner has received its interests in distributions of the Partnership’s Net Cash Flow and of the proceeds from sale and liquidation of Partnership property as set forth in Sections 9.1, 9.2, and 9.3 of this Agreement. The General Partner shall not assign or delegate any of these duties to any other Person (including without limitation the Developers).

6.3 Special Purpose Entity. The General Partner shall engage in no other business or activity other than that of being the General Partner of the Partnership. The General Partner was formed exclusively for the purpose of acting as the General Partner of the Partnership and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the General Partner has no liabilities or indebtedness other than its liability for the debts of the Partnership, and the General Partner shall not incur any indebtedness other than its liability for the debts of the Partnership. If the General Partner determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its members. The General Partner has observed and shall continue to observe all necessary or appropriate entity
formalities in the conduct of its business. The General Partner shall keep its books and records separate and distinct from those of its members and Affiliates. The General Partner shall clearly identify itself as a legal entity separate and distinct from its members and its Affiliates in all dealings with other Persons. The General Partner has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

6.4 Limitations Upon the Authority of the General Partner.

(a) The General Partner shall not have any authority to:

(i) perform any act in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreements, or any other Project Documents;

(iii) do any act required to be approved in writing by SHF under the Act unless the right to do so is expressly otherwise given in this Agreement or unless SHF has provided such approval;

(iv) borrow from, or otherwise misappropriate funds of, the Partnership, commingle Partnership funds with funds of any other Person or use Partnership funds other than for the particular purpose for which such funds were advanced or contributed; or

(v) conduct the business of the Partnership in violation of the Partnership's purposes set forth in Article 3.

(b) The General Partner shall not, without the Consent of SHF and SLP, which Consent may be withheld in SHF's and SLP's sole and absolute discretion, have any authority to:

(i) sell or otherwise dispose of, at any time, any interest in the Apartment Complex or any other material portion of the assets of the Partnership;

(ii) Cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any person other than the Partnership;

(iii) borrow on the general credit of the Partnership, except LP Loans, SLP Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 12.4(a) of this Agreement;
(iv) following Completion, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of $10,000 in a single Fiscal Year, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid with insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 12.4(a) of this Agreement;

(v) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex;

(vi) take any action requiring the Consent of SHF hereunder without first having obtained such Consent;

(vii) Do any act in contravention of this Agreement;

(viii) Change the nature of the business of the Partnership;

(ix) change the Property Manager other than pursuant to Section 6.16;

(x) cause the Partnership to make any loan or advance to any person (for purposes of this clause (x), accounts receivable in the ordinary course of business from persons other than the General Partner or its Affiliates shall not be deemed to be advances or loans);

(xi) lease any unit in the Apartment Complex or otherwise operate the Apartment Complex in such a manner or take any action which could cause any unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any Tax Credit;

(xii) amend any Project Document, or permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the SHF or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the SLP (notwithstanding that the SLP is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective) (only the consent of the SLP is necessary under this clause);

(xiii) amend any Project Document, or permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the SLP or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the SHF (notwithstanding that the SHF is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective) (only the consent of the SHF is necessary under this clause);

(xiv) apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant;
(xv) pledge or assign any Capital Contribution or the proceeds thereof; or

(xvi) Take any action which would cause the Apartment Complex or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

6.5 Continued Compliance Sale. Notwithstanding the foregoing, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable Compliance Period, SHF (but only with the Consent of SLP, which may not be unreasonably withheld) may request that the Partnership do one of the following (subject to the Extended Use Agreement): (a) sell the Apartment Complex subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (b) request that the Agency arrange for the sale of the Apartment Complex after submission of a Qualified Contract (a "Compliance Termination Sale"). Any sale of the Apartment Complex during the term of the Extended Use Agreement shall be subject to Agency requirements.

(a) A request from SHF for a Continued Compliance Sale ("Continued Compliance Sale Request") shall include the minimum sales price at which the Partnership is to sell the Apartment Complex, and such other terms and conditions for the sale of the Apartment Complex as SHF shall determine in its sole discretion, including, but not limited to a sale subject to or the assumption of any financing secured by the Apartment Complex. Promptly after the receipt by the General Partner and SLP of a Continued Compliance Sale Request, the General Partner and SLP shall cause the Partnership to diligently and continuously market the Apartment Complex, and shall use commercially reasonable efforts to cause the Partnership to sell the Apartment Complex pursuant to a bona-fide purchase agreement with a Person not an Affiliate of any Partner, which Purchase Agreement shall be on terms no less favorable than those set forth in the Continued Compliance Sale Request and shall require that the purchase of the Apartment Complex be subject to the Extended Use Agreement; provided, however, the General Partner or SLP shall be entitled to make an offer to purchase the Apartment Complex. By Notice to the General Partner and SLP, SHF shall have the right to modify the terms of a Continued Compliance Sale Request, including without limitation, the minimum purchase price for the Apartment Complex. If the General Partner or SLP does not cause the sale of the Apartment Complex by the date six (6) months after the date of the Continued Compliance Sale Request, then upon Notice from SHF, SHF may require that the Partnership enter into a "Marketing Agreement" with SHF or an Affiliate of SHF ("Marketing Agent") designated by SHF and/or SHF shall have the right to locate a purchaser for the Apartment Complex. Such Marketing Agreement shall be on the following terms: (A) the Partnership shall authorize the Marketing Agent to perform all acts (excluding repairs or capital improvements of the Apartment Complex) which the Marketing Agent deems reasonable or necessary to cause the sale of the Apartment Complex (either in a single sale or multiple sales) on terms no less favorable to the Partnership than those set forth in the Continued Compliance Sale Request; (B) the Marketing Agent shall have the authority and power on behalf of the Partnership to engage third party brokers, advertise and otherwise market the Apartment Complex, negotiate with prospective buyers of the Apartment Complex, and negotiate and execute purchase agreements and other agreements related to the sale of the Apartment Complex on behalf of the Partnership which provides for a purchase price approved by SHF and which is at least as favorable to the Partnership as the best
offer, if any, located by the General Partner or SLP; (C) the Marketing Agent shall not be entitled to any fee for its services under the Marketing Agreement, but the Partnership shall reimburse the Marketing Agent for any out-of-pocket costs and expenses reasonably incurred by Marketing Agent in connection with the Marketing Agreement; and (D) the Partnership shall cooperate fully with the Marketing Agent in connection with the sale of the Apartment Complex, including without limitation providing information concerning the property and executing and/or ratifying contracts related to the marketing and sale of the Apartment Complex.

(b) After receipt of a request for a Compliance Termination Sale, the General Partner shall make a request to the Agency to obtain a buyer who is willing to acquire and operate the low-income units of the Apartment Complex as a qualified low-income building and who will submit a Qualified Contract for the low-income portion of the Apartment Complex. If the Agency finds a buyer who will submit a Qualified Contract for the low-income portion of the Apartment Complex, then upon Notice from SHF, the General Partner shall cause the Partnership to execute the Qualified Contract and to perform its obligations thereunder. If, however, no Qualified Contract is submitted within one year of the date of the General Partner's request to the Agency, then SHF may send the General Partner a "Compliance Termination Sale Request," which request shall include the minimum sales price at which the Partnership is to sell the Apartment Complex, and such other terms and conditions for the sale of the Apartment Complex as SHF shall determine in its sole discretion, including, but not limited to a sale subject to or the assumption of any financing secured by the Apartment Complex. Promptly after the receipt by the General Partner and SLP of a Compliance Termination Sale Request, the General Partner and SLP shall cause the Partnership to diligently and continuously market the Apartment Complex, and shall use commercially reasonable efforts to cause the Partnership to sell the Apartment Complex pursuant to a bona-fide purchase agreement with a Person not an Affiliate of any Partner, which Purchase Agreement shall be on terms no less favorable than those set forth in the Compliance Termination Sale Request; provided, however, the General Partner or SLP shall be entitled to make an offer to purchase the Apartment Complex. By Notice to the General Partner and SLP, SHF shall have the right to modify the terms of a Compliance Termination Sale Request, including without limitation, the minimum purchase price for the Apartment Complex. If the General Partner does not cause the sale of the Apartment Complex by the date six (6) months after the date of the Compliance Termination Sale Request, then upon Notice from SHF, SHF may require the Partnership to enter into a Marketing Agreement with the Marketing Agent, which Marketing Agreement shall be on the same terms as set forth in Section 6.5(a) of this Agreement, except that references to "Continued Compliance Sale Request" shall be changed to "Compliance Termination Sale Request", and/or SHF shall have a right to locate a purchaser for the Apartment Complex. If the Agency does submit a Qualified Contract during the one year period and the Partnership does not execute such Qualified Contract, then, in addition to its rights under this Section 6.5(b), SHF shall still have the right to submit a Continued Compliance Sale Request pursuant to Section 6.5(a) of this Agreement.

(c) The Partnership shall enter into a right of first refusal with LifeNet which contains the terms set forth in Exhibit N attached hereto and is otherwise satisfactory to the SHF and the SLP (the "Right of First Refusal"), and any sale of the Apartment Complex shall be made in accordance with such right of first refusal. The Partnership has additionally entered into an Agreement to the Provision of Right of First Refusal with the Agency (the "Agency RoFR Agreement").
6.6 General Partner or Affiliates Dealing with Partnership. The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership, in addition to those expressly authorized herein, if SHF has given its Consent (which may be withheld in its sole and absolute discretion) to the particular contract or other dealings between the Partnership and the General Partner or its Affiliates. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days Notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners in the reports required under Section 12.4 of this Agreement. Neither the General Partner nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 6.6.

6.7 Other Activities. This Agreement shall not prohibit (i) any Affiliate of the General Partner or (ii) SLP, from engaging in or possessing interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom. The General Partner, however, shall be bound by the restrictions set forth in this Agreement, including without limitation Sections 6.3 and 6.4 of this Agreement.

6.8 Liability for Acts and Omissions. The General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 6.8 shall not apply in the case of negligence, willful breach, misconduct, fraud or any breach of fiduciary duty by the General Partner. Any loss or damage incurred by any General Partner by reason of any act or omission performed or omitted by it in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement (and otherwise in accordance with this Agreement) and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner by reason of negligence, willful breach, misconduct, fraud or any breach of fiduciary duty by the General Partner) shall be paid from Partnership assets to the extent available (but SHF and SLP shall not have any personal liability to the General Partner under any circumstances on account of any such loss or damage incurred by the General Partner or on account of the payment thereof).

6.9 Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other Guarantees.

(a) Construction Guaranty. The SLP unconditionally covenants, guarantees and warrants as follows:

(i) The SLP shall cause Completion to occur not later than the earliest of December 31, 2008, or the date for Completion required in the Project Documents or the date
required for the Partnership to qualify for the Tax Credits. In addition, SLP shall cause the Partnership to commence and continue substantial construction of the Project no later than December 1, 2007, in accordance with Section 50.15 of the 2006 TDHCA Housing Tax Credit Program Qualified Allocation Plan and Rules.

(ii) The SLP shall cause the Partnership to satisfy all construction related requirements in the Loan Documents and this Agreement, including any requirement related to completion of the Apartment Complex, and all requirements for the issuance of all necessary permanent, unconditional certificates of occupancy for the Apartment Complex and any other governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex.

(iii) The SLP hereby agrees to pay all Excess Development Costs and acknowledges the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the SLP pursuant to this clause (iii) shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the SLP to the Partnership, except (A) to the extent the amounts advanced were necessary to cover timing differences between the due date of obligations and the receipt of funds (in which case such advances will be repaid to the SLP when the funds are received) or the amounts advanced were made pursuant to a balancing request (in which case such advances will be returned to the extent not needed to cover the cost overruns or shortfalls for which they were advanced or it is later determined that savings in other areas were sufficient to cover such cost overruns or shortfalls) and (B) if an Excess Development Cost constitutes Eligible Basis necessary to cause the Certified Credits to equal or exceed the Projected Credits, then funds provided by the SLP to pay such cost shall be deemed a Capital Contribution of the SLP.

(iv) The SLP shall pay any Excess Development Costs pursuant to Section 6.9(a)(iii) by the earliest of (A) the date required to avoid a default or penalties under Partnership obligations, including without limitation the Term Loan, (B) the date required to keep all sources of funding for the Apartment Complex "in balance," (C) the date required to keep all expenses without a specific maturity date paid on a sixty (60) day current basis, or (D) such earlier date as may be set forth in this Agreement.

(b) Operating Deficit Guaranty. If, at any time during the period commencing on the achievement of Stabilization and ending on the third anniversary of the achievement of Stabilization (the "Initial Period"), an Operating Deficit (for purposes of this Section only, Operating Deficits shall be measured based on expenses which are due in the month in question) shall exist, the SLP shall make a loan to the Partnership (an "Operating Deficit Loan") as shall be necessary to pay such Operating Deficit(s); provided, however, that the SLP shall not be obligated to make Operating Deficit Loans if and to the extent such loan would cause the sum of the then outstanding Operating Deficit Loans to exceed an amount equal to $423,000. Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow as set forth in Section 9.1 of this Agreement, and from the proceeds of a Capital Transaction as set forth in Section 9.2 of this Agreement and from the net proceeds resulting from liquidation of the Partnership as set forth in Section 9.3 of this Agreement; and (iv) it shall be fully subordinated to payment of Project Loans, LP Loans, SLP Loans, indebtedness of the Partnership to all Persons other than Partners
and to all other amounts which have a payment priority under Sections 9.1, 9.2 and 9.3 of this Agreement. If on or before expiration of the Initial Period, the SLP or any Affiliate of the SLP constructs or participates in a project that is not owned by an entity in which an Affiliate of RSI has an ownership interest (the "New Project") which qualifies for Tax Credits within a one (1) mile radius of the location of the Apartment Complex (the "Radius"), then the obligation of the SLP to make Operating Deficit Loans shall continue until six (6) years from the date the last certificate of occupancy for the New Project is issued by the applicable Authority (the "Issuance Date"). If the SLP or any Affiliate of the SLP, constructs or otherwise participates in a New Project within the Radius after the Initial Period, then the SLP shall provide Operating Deficit Loans for a period of six (6) years commencing on the Issuance Date. The SLP shall be required to fund Operating Deficits pursuant to this Section 6.9(b) by the earlier of (A) the date required to avoid a default or penalties under Partnership obligations, including without limitation the Term Loan, and (B) the date required to keep all expenses without a specific maturity date paid on a sixty (60) day current basis.

(c) Guaranty of Bridge Loan. The SLP hereby irrevocably and unconditionally guarantees to SHF and its Affiliates, as applicable, the full and timely repayment of and the performance of all obligations of the Partnership under the Bridge Loan and the Bridge Loan Note, other than the payment of Excess Interest. The SLP shall at all times indemnify, defend and hold harmless SHF and its Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, suffered or incurred by any of them and arising from a breach by the SLP of this subsection.

(d) Tax Credit Compliance Guaranty.

(i) Subject to Section 6.9(d)(iv), the SLP irrevocably and unconditionally guarantees that if there is a Tax Credit Shortfall for any Fiscal Year, then on the first Payment Date following such Fiscal Year the SLP shall pay to SHF the sum of the following amounts: (A) the amount of the Tax Credit Shortfall for the Fiscal Year immediately preceding the Payment Date, (B) all penalties and interest imposed by the Code and assessed against SHF by the IRS with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by SHF resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) (such calculation to be made assuming SHF is subject to the highest federal and California state rate imposed on corporate taxpayers under the Code and applicable state law for the taxable year of SHF in which such payment is taken into income by SHF) together with interest on such amounts at the AFR accruing from such Payment Date, compounded annually. Notwithstanding the foregoing, if a foreclosure of the Apartment Complex occurs which is not directly or indirectly a result of a breach by the SLP of any of its obligations hereunder, then the SLP shall not be required to make payments to SHF under this Section 6.9(d)(i) with respect to the Tax Credit Shortfall resulting from such foreclosure.

(ii) Subject to Section 6.9(d)(iv), the SLP irrevocably and unconditionally guarantees that if there is a Tax Credit Loss Event, the SLP shall pay to SHF the sum of the following amounts: (A) the amount of Tax Credits previously allocated to SHF and subsequently disallowed because of such Tax Credit Loss Event; (B) the "credit recapture amount" (as defined in Section 42(j)(2) of the Code) allocated to SHF because of such Tax
Credit Loss Event; (C) all penalties and interest imposed by the Code and assessed against SHF by the IRS with respect to such Tax Credit Loss Event; (D) an amount sufficient to pay any tax liability owed by SHF resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C), and this clause (D) (such calculation to be made assuming SHF is subject to the highest federal and California state rate imposed on corporate taxpayers under the Code and applicable state law for the taxable year of SHF in which such payment is taken into income by SHF) together with interest on such amounts at the AFR accruing from the date SHF remits funds to a taxing authority with respect to a Tax Credit Loss Event, compounded annually; and (E) if the cause of the Tax Credit Loss Event will in the reasonable determination of SHF decrease the maximum amount of Tax Credits that will be available to the Partnership and allocated to SHF during the remainder of the Credit Period assuming full compliance with Section 42 of the Code, then an amount equal to such decrease. The SLP shall make such payment to SHF within seventy-five (75) days of the Tax Credit Loss Event. Notwithstanding the foregoing, if a foreclosure of the Apartment Complex occurs which is not directly or indirectly a result of a breach by the SLP of any of its obligations hereunder, then the SLP shall not be required to make payments to SHF under this Section 6.9(d)(ii) with respect to such Tax Credit Loss Event.

(iii) If SHF receives a payment under this Section 6.9(d) and the Partnership has appealed the issue giving rise to such payment (but has not caused a stay of enforcement with respect to such payment), and if the Partnership prevails on such appeal based on a final ruling by a federal court of competent jurisdiction, then SHF shall refund the excess payment under this Section which it had received.

(iv) If there is a Tax Law Change, the SLP shall use its good faith, reasonable efforts to comply with such Tax Law Change and to avoid a Tax Credit Shortfall or Tax Credit Loss Event based on such Tax Law Change. If despite the SLP's good faith, reasonable efforts to comply with the Tax Law Change, such Tax Law Change results in a claim under Section 6.9(d)(i) or 6.9(d)(ii) of this Agreement (a "Limited Recourse Liability"), then payment of such Limited Recourse Liability shall be made solely from distributions under Sections 9.1, 9.2 and 9.3 and from the SLP Pledged Payments and the SLP shall have no personal liability for the payment of such Limited Recourse Liability (unless and to the extent it wrongfully received distributions under Sections 9.1, 9.2 and/or 9.3 or SLP Pledged Payments that should have been made to SHF in satisfaction of the Limited Recourse Liability).

(e) HOME Loan.

(i) Concurrently with the execution hereof, the Partnership is obtaining a loan which meets the requirements set forth on Exhibit L attached hereto ("HOME Loan"). The HOME Loan shall be used to pay Development Costs. Prior to execution of any of the HOME Loan Documents, the General Partner shall obtain the Consent of SHF to the terms and forms of the HOME Loan Documents.

(ii) The General Partner shall not cause or permit the Partnership to amend the HOME Loan Documents without the Consent of SHF. In addition, any replacement or refinancing of the HOME Loan with a substitute HOME Loan shall require the Consent of SHF.
(iii) The General Partner covenants that the HOME Loan Documents shall include nonrecourse language that eliminates all personal liability of the Partnership and its Partners for the payment of the HOME Loan, excluding only carveouts to the nonrecourse language typically required by institutional lenders based on fraud, misappropriation of funds or other specified "bad acts" of the Partnership or its Partners. In addition, neither the General Partner nor its Affiliates shall enter into any guaranty or credit support agreement or provide any letter of credit or other collateral that will cause the HOME Loan not to be nonrecourse debt for federal income tax purposes. The General Partner represents and warrants that the HOME Loan shall at all times constitute nonrecourse indebtedness for federal income tax purposes.

(f) The Term Loan.

(i) The SLP irrevocably and unconditionally guarantees and covenants that the Partnership shall obtain and receive funding of a construction/term loan ("Term Loan"), which converts to a long-term loan upon the satisfaction of the conditions set forth in the Term Loan Documents and which meets the requirements of the Financing Summary attached hereto as Exhibit L, by no later than the third anniversary hereof.

(ii) The SLP shall make a Capital Contribution equal to the amount, if any, of the Term Loan which must be repaid to cause Stabilization to occur which shall be used to make such repayment.

(iii) The General Partner shall not cause or permit the Partnership to amend the Term Loan Documents without the Consent of SHF and SLP. In addition, any replacement or refinancing of the Term Loan shall require the Consent of SHF and SLP, which Consent may be withheld in the sole discretion of SHF and SLP.

(iv) The General Partner and SLP covenant that the Term Loan Documents shall include nonrecourse language that eliminates all personal liability of the Partnership and its Partners for the payment of the Term Loan, excluding only carveouts to the nonrecourse language typically required by institutional lenders based on fraud, misappropriation of funds or other specified "bad acts" of the Partnership or its Partners. In addition, neither the General Partner, SLP nor any of their respective Affiliates shall enter into any guaranty or credit support agreement or provide any letter of credit or other collateral that will cause the Term Loan not to be nonrecourse debt for federal income tax purposes. The General Partner and SLP represents and warrants that the Term Loan shall at all times constitute nonrecourse indebtedness for federal income tax purposes.

(g) Misconduct Indemnity.

(i) The General Partner shall at all times indemnify and hold harmless the Partnership and SHF and SHF's Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, or orders by a governmental authority, of any nature whatsoever, suffered or incurred by the Partnership, SHF or SHF's Affiliates arising from or in connection with any of the following (a "GP Misconduct Event"): breach of fiduciary duty by the General Partner, any intentional misstatement in any certificate delivered by the General Partner or any gross negligence, willful breach, intentional
misconduct, bad faith, misappropriation of funds or fraud by the General Partner or any Affiliate of the General Partner (including without limitation, LifeNet or the Property Manager, if an Affiliate of the General Partner), or any intentional breach by the General Partner of any representation or warranty contained in this Agreement, any Project Documents or any certification delivered in connection therewith, by the Property Manager under the Management Agreement (if an Affiliate of the General Partner) or by LifeNet under the Construction Contract.

(ii) The SLP shall at all times indemnify and hold harmless the Partnership and SHF and SHF's Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, or orders by a governmental authority, of any nature whatsoever, suffered or incurred by the Partnership, SHF or SHF's Affiliates arising from or in connection with any of the following (an "SLP Misconduct Event"): breach of fiduciary duty by the SLP, any intentional misstatement in any certificate delivered by the SLP or any gross negligence, willful breach, intentional misconduct, bad faith, misappropriation of funds or fraud by the SLP or any Affiliate of the SLP (including without limitation, Churchill Communities, the Property Manager, if an Affiliate of the SLP, or the Contractor, if an Affiliate of the SLP), or any intentional breach by the SLP of any representation or warranty contained in this Agreement, any Project Documents or any certification delivered in connection therewith, by the Property Manager under the Management Agreement (if an Affiliate of the SLP) or by the Contractor under the Construction Contract (if an Affiliate of the SLP).

6.10 Development Fee. The Partnership has entered into the Development Agreement with the Developers for their services in connection with the development and construction of the Apartment Complex. In consideration for such services, the Partnership shall pay the Developers a Development Fee in the total amount of $1,809,023, in accordance with the terms of the Development Agreement and Article 9 of this Agreement.

6.11 Incentive Partnership Management Fee. The Partnership has entered into the Incentive Partnership Management Agreement with the SLP and the General Partner for services in managing the business of the Partnership. In no event shall the Incentive Partnership Management Fee exceed $200,000 per year. The Incentive Partnership Management Fee shall only be payable pursuant to Section 9.1 of this Agreement and shall not be cumulative.

6.12 Withholding of Fee Payments.

(a) If (i) the General Partner, LifeNet, or any successor General Partner shall not have complied with any provisions under this Agreement, the Development Agreement, the Incentive Partnership Management Agreement or the Construction Contract, as applicable, within thirty (30) days after the date SHF delivers written notice of such noncompliance to the General Partner, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all applicable cure periods, if any, as a result of acts or omissions of the General Partner, LifeNet or any Affiliate of any of them, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex as a result of acts or omissions of the General Partner, LifeNet or any Affiliate of any of them, then the General Partner and LifeNet shall be in default of this Agreement, the Development Agreement, the Incentive Partnership Management Agreement and the
Construction Contract, as the case may be, and SHF, at its sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership which are to be used to make any payments to the General Partner or LifeNet, and the Partnership shall withhold payment of any installment of fees payable to the General Partner and/or LifeNet.

(b) If (i) the SLP, Churchill Communities or the Contractor (if an Affiliate of the SLP), or any successor SLP shall not have complied with any provisions under this Agreement, the Development Agreement, the Incentive Partnership Management Agreement or the Construction Contract, as applicable, within thirty (30) days after the date SHF delivers written notice of such noncompliance to the SLP, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all applicable cure periods, if any, as a result of acts or omissions of the SLP, Churchill Communities, the Contractor (if an Affiliate of the SLP) or any Affiliate of any of them, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex as a result of acts or omissions of the SLP, Churchill Communities, the Contractor (if an Affiliate of the SLP) or any Affiliate of any of them, then the SLP, Churchill Communities and the Contractor (if an Affiliate of the SLP) shall be in default of this Agreement, the Development Agreement, the Incentive Partnership Management Agreement and the Construction Contract, as the case may be, and SHF, at its sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership which are to be used to make any payments to the SLP, Churchill Communities or the Contractor (if an Affiliate of the SLP), and the Partnership shall withhold payment of any installment of fees payable to the SLP, Churchill Communities and/or the Contractor (if an Affiliate of the SLP).

(c) All amounts so withheld by the Partnership and/or SHF under this Section 6.12 shall be promptly released to the payees thereof within five (5) days after the General Partner, the SLP, the Developers, the Affiliate and/or the Contractor, as applicable, have cured the default justifying the withholding as demonstrated by evidence reasonably acceptable to SHF.

6.13 Pledged Payments. To secure the payment and performance by the SLP and Churchill Communities of the SLP's obligations under this Agreement and Churchill Communities obligations under the Development Agreement, the SLP hereby collaterally assigns, pledges and grants a security interest to SHF in all of the SLP's right, title and interest in and to any distributions and payments under this Agreement, including without limitation payments with respect to Operating Deficit Loans and SLP Loans and distributions of Net Cash Flow and proceeds of a Capital Transaction (collectively, the "SLP Pledged Payments"). The SLP irrevocably directs the Partnership to pay to SHF any SLP Pledged Payments at any time that there is an unsatisfied obligation secured by the Pledged Payments. The Partnership and the Partners shall treat any SLP Pledged Payments made by the Partnership to SHF as a payment by the Partnership to the SLP of the particular SLP Pledged Payment and a payment by the SLP to SHF of the particular obligation owed to SHF; without limiting the generality of the foregoing, to the extent a Tax Credit Compliance Guaranty Obligation is paid through the distributions under Article 9, such payment shall be treated as a payment or distribution to the SLP and then a payment of the Tax Credit Compliance Guaranty Obligation by the SLP to SHF. If there is more
than one type of outstanding obligation owed at the time an SLP Pledged Payment is made to SHF, SHF in its sole discretion shall decide to which secured obligation the SLP Pledged Payments shall be applied. This Section 6.13 shall constitute a security agreement under applicable law. In addition, the SLP grants SHF a right of offset against SLP Pledged Payments with respect to all amounts due to the SLP under this Agreement.

6.14 Reserve For Replacements. On the first day of each calendar month commencing after Completion, the Partnership shall fund a Reserve For Replacements (the annual amount of contributions to the Reserve For Replacements shall be funded in twelve (12) equal monthly payments). The Reserve For Replacements shall be funded as follows: (i) from the date of Completion until the date five (5) years after the date of Completion, the Reserve for Replacements shall be funded based on $250 per apartment unit per year; (ii) from the date five (5) years from the date of Completion until the date ten (10) years after the date of Completion, the Reserve For Replacements shall be funded based on $300 per apartment unit per year; and (iii) with respect to each subsequent five (5) year period, the required funding shall be increased by $50 per apartment unit per five-year period, provided that after the tenth (10th) year after the date of Completion the General Partner shall increase the minimum funding of the Reserve For Replacements if reasonably necessary to ensure that such increase is reasonably necessary to comply with sound asset management principles. With the Consent of SHF, the General Partner may make withdrawals from the Reserve For Replacements solely for the purpose of paying the cost of capital items, which shall consist of the acquisition or replacement of property expected to have a useful life of two (2) years or more and the cost of repairs to property that will extend the useful life of such property by two (2) years or more. Examples of such capital items and repairs are outlined in Exhibit K attached hereto. If the Term Loan Documents impose more strict requirements regarding the funding and/or use of Reserve For Replacements, such more strict requirements shall apply.

6.15 Selection of Property Manager; Management Agreement.

(a) The General Partner shall cause the Partnership at all times during which the Partnership owns the Apartment Complex to engage a Property Manager to provide property management services for the Partnership with respect to the Apartment Complex pursuant to a management agreement in the form of Exhibit G attached hereto (the "Management Agreement").

(b) The General Partner and SLP shall at least once each Fiscal Year review the performance of the Property Manager and recommend to SHF in writing whether to continue the Management Agreement with the then current Property Manager or whether to replace such Property Manager. The recommendation of the General Partner and SLP shall be implemented by the Partnership provided that the General Partner has obtained the Consent of SHF, which Consent shall not be unreasonably withheld, except as provided in Section 6.15(c) of this Agreement and subject to SHF’s rights under Section 6.16.

(c) Notwithstanding anything to the contrary herein, no Affiliate of the General Partner shall act as the Property Manager without the prior written Consent of SHF which may be withheld in its sole discretion. SHF hereby consents to Churchill Residential Management, L.P., a Texas limited partnership, an Affiliate of the SLP, as the initial Property
Manager. The Consent to the use of an Affiliate Property Manager as to the initial Property Management Agreement or any renewal thereof shall not prevent SHF from withholding its Consent in connection with a periodic performance review pursuant to Section 6.15(b) of this Agreement or from causing the Partnership to remove the Property Manager pursuant to Section 6.16 of this Agreement.

6.16 Removal of the Property Manager. At the request of SHF, the General Partner shall cause the Partnership to terminate the Management Agreement then in place and appoint a replacement Property Manager (for which SHF has given its Consent) and execute a new Management Agreement if any of the following events occur: (a) if the Property Manager becomes Bankrupt; (b) if the Property Manager defaults in its obligations under the Management Agreement and fails to cure such default within any applicable cure period provided therein; (c) if SHF is the holder of any outstanding LP Loans which LP Loans were made during the period that such Property Manager was engaged by the Partnership; (d) if there are any Tax Credit Shortfalls attributable to the Property Manager's noncompliance with the Tax Credit Tests and the SLP has not made the payment required under Section 6.9(d)(i) with respect to such Tax Credit Shortfall; (e) if the Property Manager is an Affiliate of the SLP and cause for removal of the SLP exists under this Agreement, (f) if the Property Manager is an Affiliate of the General Partner and cause for removal of the General Partner exists under this Agreement, (g) if there is a voluntary or involuntary sale or assignment of a majority of the ownership interests in the Property Manager, and (h) if an Operating Deficit is reasonably anticipated to occur which exceeds the amount of the Operating Deficit Loans which the SLP is obligated to make. The General Partner shall cause such replacement to occur on the date designated by SHF in such written request, which date must be not less than forty-five (45) days from the date of such written request.

6.17 Environmental Matters.

(a) (i) The SLP represents and warrants that it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Materials at, upon, under or within the Land or any contiguous real estate and (ii) each of the SLP and the General Partner represents and warrants that it has not caused or permitted to occur, and it shall not knowingly permit to exist, any condition which may cause a discharge of any Hazardous Materials at, upon, under or within the Land or on any contiguous real estate.

(b) The General Partner further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party is or will be involved in operations at or, pursuant to the General Partner's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Environmental Laws as to the Partnership or (B) the creation of a lien on the Land under the Environmental Laws; and (ii) the General Partner has not permitted, and will use best efforts not to permit, any tenant or occupant of the Apartment Complex to engage in any activity that could impose liability under the Environmental Laws on such tenant or occupant, on the Land or on any other owner of the Apartment Complex.

(c) The General Partner shall comply strictly and in all respects with all material requirements of the Environmental Laws.
(d) The SLP shall at all times indemnify and hold harmless the Partnership, SHF and SHF's Affiliates against any claims, actions, damages, costs, losses, obligations, judgments and expenses incurred by them relating to Pre-Existing Environmental Conditions, including (A) costs and expenses related to the removal or abatement of Pre-Existing Environmental Conditions, (B) costs related to claims against the Partnership by third parties for the clean-up of properties owned by such third parties attributable to Pre-Existing Environmental Conditions, (C) costs related to claims against the Partnership by third parties for bodily injury or property damage attributable to Pre-Existing Environmental Conditions and (D) legal defense costs related to the foregoing. Notwithstanding the foregoing, the SLP may cause the Partnership to use Permitted Sources to pay costs and expenses related to the removal or abatement of Pre-Existing Environmental Conditions if and to the extent (i) such use does not violate any of the Project Documents, (ii) such use does not cause the Permitted Sources to be "out-of-balance" as a source of payment for anticipated remaining Development Costs, and (iii) such use does not pay costs and expenses attributable to a breach of laws by the SLP or the General Partner, the negligence of the SLP or the General Partner or the violation of this Agreement by the General Partner or the SLP.

(e) The SLP further represents and warrants that neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the SLP's best knowledge, near the Land, which operations could lead to (i) a determination of liability under the Environmental Laws as to the Partnership or (ii) the creation of a lien on the Land under the Environmental Laws.

6.18 Tax Matters Partner.

(a) The General Partner hereby is designated as Tax Matters Partner of the Partnership, and shall engage in such undertakings as are required of the Tax Matters Partner of the Partnership, as provided in regulations pursuant to Section 6231 of the Code. Each Partner, by its execution of this Agreement, Consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

(b) Notwithstanding any other provision of this Agreement, SHF hereby is granted the authority at any time to be admitted, or to cause an Affiliate of SHF to be admitted, as a General Partner by converting all or any portion of SHF's limited partnership Interest to a general partnership Interest for the purpose of acting as the Tax Matters Partner. Unless otherwise specifically provided or agreed, the new Tax Matters Partner in these circumstances will not be responsible for or have the right to conduct any operational or managerial functions of the Partnership besides those required to discharge its responsibilities as Tax Matters Partner. SHF may exercise its right to assume or cause an Affiliate to assume the Tax Matters Partner responsibilities for the Partnership, as provided herewith, upon ten (10) days Notice to the then existing General Partner, and may continue as Tax Matters Partner indefinitely. If SHF exercises such right hereunder, the former Tax Matters Partner will resign in accordance with Regulation Section 6231(a)(7)-1(i) and will designate SHF or its Affiliate as Tax Matters Partner in accordance with Regulation Section 301.6231(a)(7)-1(e). Each Partner, by its execution of this Agreement Consents to such admission and designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents
as may be necessary or appropriate to evidence such Consent. SHF or its Affiliate shall, upon admission as the Tax Matters Partner, replace the then existing General Partner as Tax Matters Partner and shall have thereafter all the authority and powers given to the then existing General Partner as Tax Matters Partner of the Partnership under the Code and under this Agreement; provided, however, SHF, or its Affiliate, as Tax Matters Partner, shall not be entitled to settle any claim by the Internal Revenue Service without the consent of SLP, which will not be unreasonably delayed or withheld, if such settlement would result in a Tax Credit Shortfall or Tax Credit Loss Event.

(c) The Tax Matters Partner is hereby authorized, but not required to do the following:

(i) to enter into any settlement with the IRS or the Secretary with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that such agreement shall bind the other Partners, except that such settlement agreement shall not bind any Partner who (within the time prescribed pursuant to the Code and regulations thereunder) files a statement with the Secretary providing that the Tax Matters Partner shall not have the authority to enter into a settlement agreement on behalf of such Partner;

(ii) if a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Partnership's principal place of business is located, or the United States Claims Court;

(iii) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file a petition for judicial review with respect to such request;

(v) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Partners or the Partnership in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

6.19 Expenses of Tax Matters Partner. The Partnership shall indemnify and reimburse the Tax Matters Partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to Partnership tax matters. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or from the proceeds of a Capital Transaction or any discretionary reserves are set aside by the General Partner. The General
Partner shall have the obligation to provide funds for such purpose to the extent that Partnership funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Partner and the provisions on limitations of liability of the General Partner and indemnification set forth in Section 6.8 of this Agreement shall be fully applicable to the Tax Matters Partner in its capacity as such.

6.20 Security Agreements and Guarantees.

(a) Concurrently with the execution hereof, Guarantor shall execute the Guaranty.

(b) Concurrently with the execution hereof, Churchill Communities shall execute a security agreement in favor of SHF and in a form satisfactory to SHF pursuant to which Churchill Communities pledges its Development Fee to secure the SLP's obligations hereunder.

6.21 Duties of SLP. If at any time during the construction or rehabilitation of the Apartment Complex, (i) construction or rehabilitation stops or is suspended for a period of twenty (20) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the SLP (A) Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the SLP shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to SHF.

6.22 Additional Loans. SHF acknowledges the General Partner desires to obtain additional grants and/or soft loans for the Partnership to pay certain Development Costs. The Partnership may not, either directly or indirectly through the General Partner or an Affiliate of General Partner, obtain any such grants or soft loans without the Consent of SHF. The proceeds of any grant or soft loan shall be distributed in accordance with Section 9.1

6.23 HOME Loan Set-Aside Election. This Agreement was prepared on the basis that eligible basis will be reduced by the principal amount of the HOME Loan and tenants will have income at or below 60% of area median income. If on or before July 1, 2007, (a) the General Partner, in a Notice delivered to SHF, elects not to reduce eligible basis by the principal amount of the HOME Loan and elects to have the Partnership comply with Section 42(i)(2)(E) of the Code, or (b) the General Partner does not deliver the Notice described in clause (a) and does not deliver a consent by the Agency to eliminate its requirements that the Partnership rent units in the Apartment Complex to tenants with incomes not in excess of 50% of area median income, the Partners shall amend this Agreement and the Development Agreement to reflect the terms set forth in Exhibit P attached hereto.

Article 7
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

7.1 Limitation on Liability of Limited Partners. Except as may otherwise be provided under applicable law, no Limited Partner shall be bound by, or personally liable for, the
expenses, liabilities or obligations of the Partnership; provided, however, nothing contained in
this sentence shall limit the obligations of the SLP to the SHF under this Agreement or any
agreement executed by the SLP for the benefit of the SHF. No Limited Partner shall have any
obligations to make any Capital Contributions other than as required under Article 5 of this
Agreement. No Limited Partner shall have any other liability to contribute money to, or in
respect of the liabilities or obligations of, the Partnership, nor shall any Limited Partner be
personally liable for any obligations of the Partnership; provided, however, nothing contained in
this sentence shall limit the obligations of the SLP to the SHF under this Agreement or any
agreement executed by the SLP for the benefit of the SHF.

7.2 Other Activities. Any Limited Partner may engage in or possess interests in other
business ventures of every kind and description, independently or with others, including without
limitation, serving as general or limited partner of other partnerships which own, either directly
or through interests in other partnerships, government-assisted housing projects similar to the
Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by
virtue of this Agreement in or to such other business ventures to the income or profits derived
therefrom.

7.3 Insurance Obtained by SHF. SHF and its Affiliates shall have the right, but not
the obligation, to obtain one or more policies of insurance related to the Apartment Complex,
including, without limitation, policies related to earthquakes, environmental liabilities and acts of
war or terrorism (the "LP Policies"); provided, however, that LP Policies shall not include any
Forced Place Coverage (as defined in Exhibit H to this Agreement). SHF shall pay all insurance
premiums and other costs of obtaining LP Policies without any right of reimbursement from the
Partnership, SLP or the General Partner. SHF shall have sole control over the terms of the LP
Policies, including choice of insurer, policy limits, risks covered, exclusions from coverage, and
the designation of insureds (which designation may or may not include the Partnership). Neither
the Partnership, the General Partner nor the SLP shall have any right to approve or to Consent to
the terms of any LP Policy. Unless SHF otherwise agrees, in its sole and absolute discretion,
neither the Partnership, the General Partner nor SLP shall have any right to provide notice of a
claim under an LP Policy, to submit a claim under an LP Policy, to receive any proceeds of an
LP Policy or to make any decisions or elections under an LP Policy. Nothing in this Section
shall modify the obligations of the General Partner to cause the Partnership to obtain insurance
coverage as provided elsewhere in this Agreement.

Article 8
TRANSFERS OF PARTNER INTERESTS, WITHDRAWAL, ADMISSION OF SUBSTITUTE
PARTNERS

8.1 Transfers.

(a) Neither the General Partner nor the SLP may sell, transfer, pledge, hypothecate, assign, encumber or otherwise dispose of (whether voluntarily, involuntarily or by
operation of law) all or any part of its Interest as a Partner without the prior Consent of SHF,
which Consent may be withheld in its sole and absolute discretion. For purposes of this Section
8.1(a) and without limiting the application of the immediately preceding sentence, the sale,
transfer, pledge, hypothecation or assignment of an actual or beneficial interest in or within the General Partner or SLP or any entity with a direct or indirect ownership interest in the General Partner or SLP shall be deemed to constitute an event that is in violation of this Section 8.1(a). Notwithstanding the foregoing, Brad Forslund ("Forslund") and J. Anthony Sisk ("Sisk") may transfer their respective interest in the SLP between each of them or to a trust for the benefit of either of them, their spouses or their children, provided that either Forslund or Sisk have sole voting power with respect to the interests in the SLP.

(b) Upon the occurrence of an event that is a violation of Section 8.1(a) of this Agreement or that is a withdrawal of the General Partner or the SLP in violation of Section 8.2 of this Agreement, the applicable Partner shall be deemed immediately prior to such event to have assigned to SHF its Interest as a Partner.

(c) No Limited Partner may sell, transfer, pledge hypothecate or assign all or any part of its Interest as Limited Partner without the prior Consent of the General Partner, which Consent may be withheld in its sole and absolute discretion. SHF may not sell, transfer, pledge hypothecate or assign all or any part of its Interest as Limited Partner without the prior Consent of the SLP, which Consent may be withheld in its sole and absolute discretion. Nothing in this Section 8.1(c) shall limit the authority of the partners in SHF to sell, transfer, pledge, hypothecate or assign interests within SHF, in the sole discretion of SHF and its partners.

(d) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Partner of its Interest until the evidence of such transfer is delivered to the other Partners.

(e) Any Person who is the assignee of all or any portion of a Limited Partner's Interest, but does not become a Substitute LP, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Section 8.1 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.

(f) If the General Partner or SLP becomes the subject of Bankruptcy proceedings pursuant to the Bankruptcy Code, then (i) any other Partner shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code or otherwise, on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement or otherwise, and (ii) any Partner may apply or move the bankruptcy court in which the Bankruptcy proceedings are pending for a change of venue to the bankruptcy court where the Partnership has its principal place of business and the General Partner and SLP agree not to oppose or object to such application or motion in any way. The foregoing shall in no way preclude, restrict or prevent the General Partner or SLP from filing for protection under the Bankruptcy Code.

(g) This is an agreement under which applicable law excuses SHF from accepting performance from any Partner which is a debtor in a case under the Bankruptcy Code, from a trustee of any such debtor and from the assignee of any such debtor or trustee. SHF has entered into this Agreement with each of the General Partner and SLP in reliance upon its unique knowledge, experience and expertise, and that of its principals in the planning and implementation of the development of the Apartment Complex and in the area of affordable
housing and development in general. The foregoing restriction on transfer is based in part on the
above factors. The General Partner expressly agrees that SHF shall not be required to accept
performance under this Agreement from any person other than the General Partner, including,
without limitation, any trustee of the General Partner appointed under the Bankruptcy Code, and
any assignee of any such trustee. The SLP expressly agrees that SHF shall not be required to
accept performance under this Agreement from any person other than the SLP, including,
without limitation, any trustee of the SLP appointed under the Bankruptcy Code, and any
assignee of any such trustee.

8.2 Withdrawal. Neither the SLP nor the General Partner may withdraw from the
Partnership without the prior Consent of SHF, which Consent may be withheld in its sole and
absolute discretion.

8.3 [Intentionally Left Blank].

8.4 [Intentionally Left Blank].

8.5 Admission of an Additional Limited Partner Following Dilution. After the
Greatest Excess LP Loan Amount at any time exceeds $50,000, notwithstanding anything to the
contrary herein, SHF shall have the right, power and authority to cause one or more entities to be
admitted as an additional Limited Partner, provided that the Interest in the Partnership of such
additional Limited Partner is derived from the Interest in the Partnership of SHF (after taking
into consideration the effect of the Greatest Excess LP Loan Amount exceeding $50,000 on the
Interests of all the Partners).

8.6 Removal/Withdrawal.

(a) The General Partner may be removed and cease to be the General Partner of
the Partnership only upon the following events (an event set forth in Section 8.6 shall not
be grounds for removal of the General Partner):

(1) Upon the affirmative vote or written consent of SHF to remove the
General Partner, specifying one of the following causes (unless the breach, default
or other removal event is cured within thirty (30) days after written notice
specifying the breach, default or removal event is delivered to the General Partner
by SHF or if such breach, default or other removal event is not susceptible to cure
within such 30 day period, the General Partner has commenced to cure such
breach, default or other removal event within such 30 day period, the General
Partner continues to take action to cure such breach, default or other removal event after such 30
do not and such cure is effected no later than 90 days after
written notice specifying the breach, default or removal event is delivered to the
General Partner by SHF; provided, however, there shall be no cure period for
fraud or misappropriation of funds):

(A) any intentional misconduct or failure to exercise reasonable
care with respect to any material matter in the discharge of its duties and obligations as
the General Partner (provided that such violation has resulted in, or is likely to result in, a
material detriment to or an impairment of the Apartment Complex or assets of the
Partnership) (removal under this clause (A) shall be permitted even if the General Partner satisfies its indemnity obligations under Section 6.9 hereof);

(B) the General Partner or the Partnership shall have violated any provisions of law or any Project Document or any provisions of the Project Lenders, and/or Agency requirements applicable to the Apartment Complex, which violation has not been explicitly waived in writing by the Project Lenders, the Agency or the other party to such Project Document, as applicable (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership);

(C) the General Partner shall have breached any of its representations or warranties in any material respect or shall have breached any material provision of this Agreement; or

(D) a GP Misconduct Event has occurred which is not cured within 30 days of Notice of the Misconduct Event (except there shall be no cure period for fraud or misappropriation of funds).

(2) Upon a default by the Partnership under any of the Project Loans due to the acts or omissions of the General Partner or any Affiliate thereof, which default remains uncured after the expiration of any applicable cure period.

(3) Upon the Bankruptcy of the General Partner; or

(4) If an event occurs prior to Stabilization which shall be cause for removal of the general partner, manager or managing member of any GP Affiliated Entity and such removal has not been cured within the cure period, if any, set forth in the partnership or operating agreement for the applicable Affiliated Entity.

(b) The SLP may be removed and cease to be the SLP of the Partnership only upon the following events:

(1) Upon the affirmative vote or written consent of SHF to remove the SLP, specifying one of the following causes (unless the breach, default or other removal event is cured within thirty (30) days after written notice specifying the breach, default or removal event is delivered to the SLP by SHF or if such breach, default or other removal event is not susceptible to cure within such 30 day period, the SLP has commenced to cure such breach, default or other removal event within such 30 day period, the SLP continues to take action to cure such breach, default or other removal event after such 30 day period and such cure is effected no later than 90 days after written notice specifying the breach, default or removal event is delivered to the SLP by SHF; provided, however, there shall be no cure period for fraud or misappropriation of funds):

(A) any intentional misconduct or failure to exercise reasonable care with respect to any material matter in the discharge of its duties and
obligations as the SLP (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership) (removal under this clause (A) shall be permitted even if the SLP satisfies its indemnity obligations under Section 6.9 hereof);

(B) the SLP or the Partnership shall have violated any provisions of law or any Project Document or any provisions of the Project Lenders, and/or Agency requirements applicable to the Apartment Complex, which violation has not been explicitly waived in writing by the Project Lenders, the Agency or the other party to such Project Document, as applicable (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership);

(C) the SLP shall have breached any of its representations or warranties in any material respect or shall have breached any material provision of this Agreement (including, without limitation, its obligations under Sections 5.1(a)(ii), 5.1(c), 6.9 and 6.17); or

(D) an SLP Misconduct Event has occurred which is not cured within 30 days of Notice of the Misconduct Event (except there shall be no cure period for fraud or misappropriation of funds).

(2) Upon a default by the Partnership under any of the Project Loans due to the acts or omissions of the SLP or any Affiliate thereof, which default remains uncured after the expiration of any applicable cure period.

(3) Upon the Bankruptcy of the SLP or Guarantor; or

(4) The Guarantor attempts to revoke or repudiate the Guaranty or a default by the Guarantor occurs under the Guaranty.

(c) Notice of the removal of the General Partner or SLP shall be given by SHF to the General Partner. Such Notice shall set forth the date on which the removal is to become effective, which date shall not be less than thirty (30) days after such notice is delivered. This Notice may be the same as the notice of a breach delivered pursuant to Section 8.6(a)(1) or (b)(1); provided, however, in such case the removal shall not be effective until the cure period specified in Section 8.6(a)(1) or (b)(1), as the case may be, expires without cure of the applicable default or breach. On the effective date set forth in such Notice with respect to the General Partner, the General Partner shall cease to be a general partner of the Partnership and the powers and authorities conferred on the General Partner hereunder or under applicable law for general partners of limited partnerships shall cease. On the effective date set forth in such Notice with respect to the SLP, the SLP shall cease to be a limited partner of the Partnership and the powers and authorities conferred on the SLP hereunder or under applicable law for limited partners of limited partnerships shall cease.
(d) In the event of the removal of the General Partner pursuant to this Section 8.6 or withdrawal of the General Partner, (i) the General Partner shall cease to have any Interest in the Partnership, (ii) the General Partner shall not be entitled to any distributions or allocations from the Partnership, and (iii) the General Partner shall not be entitled to any payments of any fees, including the Incentive Partnership Management Fee, relating to the period of time after the date of its removal. Such General Partner shall be entitled, however, to receive repayment of any GP Loans in the time and manner specified in this Agreement.

(e) In the event of the removal of the SLP pursuant to this Section 8.6 or withdrawal of the SLP, (i) the SLP shall cease to have any Interest in the Partnership, (ii) the SLP shall not be entitled to any distributions or allocations from the Partnership, (iii) the SLP shall not be entitled to any repayment of Operating Deficit Loans, and (iv) the SLP shall not be entitled to any payments of any fees, including the Incentive Partnership Management Fee, relating to the period of time after the date of its removal. Such SLP shall be entitled, however, to receive repayment of any SLP Loans in the time and manner specified in this Agreement.

(f) The General Partner shall cooperate reasonably and in good faith in effecting the orderly and efficient transition after its removal or withdrawal, including providing the substitute general partner with all books, accounts and property of the Partnership in the possession or control of the General Partner.

(g) Any reduction in the Interest of the General Partner or SLP in connection with a removal thereof shall be payable to SHF or its designee.

(h) The removal or withdrawal of the General Partner shall not affect its duties, obligations and liabilities hereunder, except that (i) the General Partner shall not be liable for any liabilities and obligations directly arising from the negligence, intentional misconduct or breach of this Agreement by any substitute general partner, and (ii) the General Partner shall not have an obligation to manage the affairs of the Partnership. Without limiting the generality of the foregoing, after removal, the General Partner shall remain obligated as provided in Section 6.9 of this Agreement.

(i) The removal or withdrawal of the SLP shall not affect its duties, obligations and liabilities hereunder, except that the SLP shall not be liable for any liabilities and obligations directly arising from the negligence, intentional misconduct or breach of this Agreement by any substitute special limited partner. Without limiting the generality of the foregoing, after removal, the General Partner shall remain obligated as provided in Section 6.9 of this Agreement.

(j) The General Partner and SLP shall cooperate reasonably and in good faith to obtain any Consents, which SHF deems necessary or appropriate to further document or evidence the removal of the General Partner or SLP and the admission of any substitute general partner, including, but not limited to, any Consents required by the Agency, any Project Lender or any party providing credit enhancement in connection with a Project Loan.
(k) The General Partner and SLP shall execute such additional documents and instruments as SHF may reasonably request to effect, document, evidence and consummate the withdrawal of the General Partner or SLP pursuant to this Section 8.6. Each of the General Partner and SLP hereby grants to each of RSI, and Howard Heitner and Michael L. Fowler, as authorized agent and Vice President of RSI, respectively, a power-of-attorney to execute such documents on behalf of the General Partner or the SLP, as appropriate; provided, however, that such persons shall not exercise such power-of-attorney if the General Partner or SLP, as the case may be, is contesting the removal in good faith and unless and until it has submitted the requested documents to the General Partner or SLP, and the General Partner or SLP has failed to execute such documents within three days of its receipt of such documents. The foregoing powers-of-attorney are irrevocable and coupled with an interest.

(l) SHF's right of removal under this Section 8.6 is cumulative with all of its other rights and remedies under this Agreement.

8.7 Admission of Additional or Substitute Partners.

(a) Except as provided in Sections 6.18, 8.1, 8.4 and 8.5 of this Agreement, the admission of an additional General Partner or additional Limited Partner shall require the Consent of the Partners (which may be granted or withheld in their sole and absolute discretion).

(b) Subject to the other provisions of this Section 8.7, an assignee of the Interest of a Limited Partner shall be admitted as a substitute limited partner ("Substitute LP") of the Partnership only upon the satisfactory completion of the following:

(i) the assignee has accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the General Partner may reasonably require in order to effect the admission of such Person as a Limited Partner;

(ii) the assignee has provided the General Partner with evidence reasonably satisfactory to Counsel for the Partnership of its authority to become a Limited Partner under the terms and provisions of this Agreement; and

(iii) the assignee or the assignor has reimbursed the Partnership for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership in connection with such assignment.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute LP shall be treated as having become, and as appearing in the records of the Partnership as, a Partner upon its signing of an amendment to this Agreement agreeing to be bound hereby.

(d) The General Partner shall cooperate with the Person seeking to become a Substitute LP by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person.
as a Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Limited Partner of the conditions contained in this Section 8.7 to the admission of such Person as a Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute LP.

Article 9
DISTRIBUTIONS

9.1 Distribution of Net Cash Flow.

(a) Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances and then to the payment of any accrued but unpaid Asset Management Fee (including interest thereon);

(ii) Next, the NCF Percentage of the remainder shall be used as follows:

(A) First, to pay any Tax Credit Compliance Guaranty Obligations;

(B) Next to pay the Deferred Development Fee;

(C) Next, to pay the Operating Deficit Loans;

(D) Next, up to the maximum amount payable as an Incentive Partnership Management Fee less the amounts paid under clause (A) of this subparagraph on such Payment Date shall be divided (A) 12.5% first, if the General Partner has a positive Capital Account, to make a distribution to the General Partner equal to such positive Capital Account and then to pay the Incentive Partnership Management Fee payable to the General Partner and (B) 87.5% first, if SLP has a positive Capital Account, to make a distribution to SLP equal to such positive Capital Account, then to pay the Incentive Partnership Management Fee to SLP;

(E) Thereafter, 12.5% to the General Partner and 87.5% to SLP as a distribution;

(iii) Thereafter, the remaining Net Cash Flow shall be paid to the Partners as a distribution, pro rata in accordance with their Percentage Interests.

(b) The Partnership shall not distribute Net Cash Flow prior to Stabilization.
9.2 Distribution of Proceeds from Capital Transaction (Other Than in Connection with a Liquidation). The proceeds resulting from a Capital Transaction (other than a sale or other disposition of the property of the Partnership in connection with a liquidation and dissolution of the Partnership which is governed by Section 9.3 of this Agreement) shall be used and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including any Project Loan) and all expenses of the Partnership incident to any such sale or refinancing, but excluding unsecured debts and liabilities of the Partnership to the Partners or former Partners and the Asset Management Fee and Deferred Development Fee;

(b) to the setting up of any reserves which the General Partner deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) (i) to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, until paid in full, and then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances until paid in full; (ii) then to the payment of accrued but unpaid Asset Management Fee (including interest thereon), (iii) then to pay any Tax Credit Compliance Guaranty Obligations; (iv) then to pay the unpaid Development Fee and (v) then to the payment of any other debts and liabilities (including unpaid fees) owed to the Partners or former Partners for Partnership obligations that are expressly permitted under this Agreement (other than Operating Deficit Loans and Incentive Partnership Management Fee);

(d) to the payment of any Operating Deficit Loans; and

(e) thereafter, to the Partners in the following percentages: (i) the NCF Percentage shall be divided 12.5% to the General Partner and 87.5% to SLP as a distribution; and (ii) the remainder to SHF as a distribution.

9.3 Distribution Upon Liquidation. The net proceeds resulting from the liquidation of the Partnership shall be used and applied in the following order of priority:

(a) to the payment of all debts and liabilities of the Partnership (including any Project Loans) and all expenses of the Partnership incident to any such dissolution and liquidation), but excluding unsecured debts and liabilities of the Partnership to the Partners or former Partners and the Asset Management Fee and Deferred Development Fee;

(b) to the setting up of any reserves which the Liquidator deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) (i) to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, until paid in full, and then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances until paid in full; (ii) then to the payment of accrued but unpaid Asset Management Fee (including interest thereon), (iii) then to pay any Tax Credit Compliance Guaranty Obligations; (iv) then to pay the unpaid Development Fee and (v) then to the payment of any other debts and liabilities
(including unpaid fees) owed to the Partners or former Partners for Partnership obligations that are expressly permitted under this Agreement (other than Operating Deficit Loans and Incentive Partnership Management Fee);

(d) to the payment of any Operating Deficit Loans; and

(e) thereafter, to the Partners in accordance with the Partners' respective positive Capital Account balances as determined by taking into account all Capital Account adjustments required by Exhibit I and otherwise required by this Agreement.

9.4 Project Documents. Notwithstanding the foregoing, the General Partner shall not cause or permit the Partnership to fund a distribution or payment pursuant to this Article 9 if such distribution or payment would constitute a default under any Project Document.

Article 10
ALLOCATION PROVISIONS, CAPITAL ACCOUNTS

Exhibit I attached hereto provides for the maintenance of Capital Accounts and the allocation of profits and losses of the Partnership. Each and all of the provisions of Exhibit I are made a part hereof, are incorporated herein and shall constitute a part of this Agreement.

Article 11
DISSOLUTION AND LIQUIDATION

11.1 General. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 8.3 of this Agreement, unless SHF within ninety (90) days after the occurrence of such event, elects a successor General Partner and elects to continue the business of the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership;

(c) the election by the General Partner, with the Consent of SHF and SLP; or

(d) any other event causing the dissolution of the Partnership under the Act and which under the terms of the Act cannot be waived in a written partnership agreement.

11.2 Winding Up of Partnership. Upon the dissolution of the Partnership pursuant to this Article 11, (i) a Certificate of Cancellation shall be filed in such offices within the State as may be required or appropriate, and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Article 11. The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any
unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. The net proceeds resulting from such liquidation shall be distributed and applied pursuant to Section 9.3 of this Agreement. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

11.3 Accountant's Statement. Upon the dissolution and liquidation of the Partnership pursuant to this Section, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

**Article 12**

**BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS**

12.1 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with sound federal income tax accounting principles. These and all other records of the Partnership, including information relating to the status of the Apartment Complex and information with respect to the sale by the General Partner or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or its duly authorized representative, at any and all reasonable times. SHF shall have the right, at any and all reasonable times, to review and copy, at SHF's expense, the books, records and accounts (including bank account records and ledgers) of the Partnership, the General Partner, the SLP, the Developers or any Affiliate of the General Partner or the SLP providing materials and or services to the Partnership to the extent that such books, records and accounts relate to the Partnership, the Land and the Apartment Complex, but not otherwise. Any such review shall be conducted during normal business hours at the General Partner's or SLP's principal place of business by the Person chosen by SHF, in its sole and absolute discretion. If SHF determines there are material misstatements in the applicable books and records, the party whose books and records are inaccurate shall (a) correct such misstatements at such party's expense (from non-Partnership funds) and (b) immediately return all unauthorized distributions, overcharges and payments to the Partnership. Such return of funds shall not be treated as either a loan or a Capital Contribution to the Partnership. The General Partner and SLP shall cooperate with SHF reasonably and in good faith to implement the terms of this Section 12.1. Any Partner, or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of all Partners and a copy of all Partnership, SLP and General Partner records.
12.2 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business only and for the benefit of the Partnership on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

12.3 Tax Returns.

(a) The General Partner shall select a firm of certified public accountants to prepare the Partnership income tax returns. The General Partner may select any of the following as the accountants for the Partnership: KPMG Peat Marwick, Novogradač & Company, Reznick Group, P.C., or such other firm of independent certified public accountants as may be engaged by the General Partner with the Consent of SHF. If the reporting requirements set forth in Section 12.4 of this Agreement are not met, SHF, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of SHF; provided, however, that if the General Partner and SHF cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by SHF in its reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

(b) With respect to each Fiscal Year during the Partnership's operations, at such time as the Accountants have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to SHF for its review and comment. Any changes in such proposed tax return reasonably recommended by SHF's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner.

12.4 Reports to Partners.

(a) Not less than seventy-five (75) days prior to the commencement of each Fiscal Year, the General Partner and the SLP shall submit to SHF for its review and Consent (which Consent shall not be unreasonably withheld), proposed operating and capital budgets for the Apartment Complex and the Partnership for the next Fiscal Year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to any Project Loan, capital improvements, and all budgeted expenses which are to be paid to the General Partner, SLP or any of their Affiliates. SHF shall submit its response to such proposed budgets to the General Partner and SLP within forty-five (45) days after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto. If no such response is submitted to the General Partner or SLP within such period, SHF will be deemed not to have approved such budget. The General Partner, SLP and the SHF shall cooperate in good faith to resolve any disputes regarding any proposed budget. If the General Partner, SLP and the SHF are unable to agree on a budget within 30 days after the SHF has submitted its objections to the General Partner and SLP, any Partner shall be entitled to submit
the disputed items to binding arbitration in accordance with the rules of the American Arbitration Association before an arbitrator acceptable to the Partners. During the pendency of the consideration of any such budget and resolution of any dispute regarding such budget, the General Partner shall continue to be authorized to manage the Partnership in accordance with the applicable budget most recently approved by the SHF, as adjusted for modifications which have been approved by the SHF and increases for expenditures not reasonably within the control of the General Partner such as taxes, utilities, insurance premiums and emergency repairs or replacements.

(b) The General Partner shall cause to be prepared and distributed to all Persons who were Partners at any time during a Fiscal Year:

(i) within seventy-five (75) days after the close of each Fiscal Year, audited financial statements prepared by the Accountants in accordance with generally accepted accounting principles, and such financial information with respect to each Fiscal Year as shall be reportable for federal and state income tax purposes.

(ii) within thirty-five (35) days after the end of each month, a report of operations for such month containing:

(A) a balance sheet, which may be unaudited;

(B) a statement of income and expense and a cash flow statement for the month and the period then ended, which may be unaudited;

(C) a rent roll certified by the Property Manager and the General Partner;

(D) until the occurrence of Stabilization, an update of the Development Budget based on actual costs and cash flow, showing all variances of actual costs and cash flow from the original Development Budget; and

(E) other pertinent information regarding the Partnership and its activities during the period covered by the report.

(c) Within seventy-five (75) days after the end of each Fiscal Year, the General Partner shall provide to SHF:

(i) a certification by the General Partner that (A) all Project Loan payments and taxes and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof;

(ii) the information specified in Section 12.4(d) of this Agreement;
(iii) a descriptive statement of all transactions during the Fiscal Year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments);

(iv) a Net Cash Flow statement; and

(v) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing.

(d) Upon the written request of any Limited Partner for further information with respect to any matter covered in items (a), (b) or (c) above, the General Partner shall furnish such information within 30 days of receipt of such request.

(e) The General Partner, on behalf of the Partnership, shall send to SHF, on or before July 31 in each year, a report which shall state for the six-month period ended June 30 of such year:

(i) the occupancy level of the Apartment Complex, certified by the Property Manager and the General Partner;

(ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Operating Deficits will be funded; and

(iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the General Partner is aware.

(f) Prior to November 15 of each year, the General Partner, on behalf of the Partnership, shall send to SHF an estimate of such Partner's share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current Fiscal Year.

(g) Within fifteen (15) days after one of the following events occurs, the General Partner shall send SHF a detailed report thereof:

(i) there is a default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt;

(ii) any reserve has been reduced or terminated by application of funds therein for purposes different from those for which such reserve was established; or

(iii) the General Partner has received any notice of a material fact which may substantially affect further distributions, or may materially and adversely affect the Partnership, the Apartment Complex or the Partners.

(h) The General Partner, on behalf of the Partnership, shall send to SHF, a copy of all applicable periodic reports covering the status of the Apartment Complex as may be
required by the Agency or any Project Lender, within ten (10) days of submission of such reports to the Agency and/or applicable Project Lender.

(i) If the reports or information provided for in Sections 12.4(a), (b) and (c) of this Agreement are, at any time, not provided within the time frames set forth therein or within five days after demand is made, the General Partner shall be obligated to pay to SHF the sum of $250 per day, as liquidated damages, for each day from the date upon which such reports or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such reports or information is (are) provided; however, that any delays beyond the aforesaid dates in the provision of the applicable reports or information due to factors beyond the control of the General Partner and the Accountants may be a cause for waiver of the aforesaid liquidated damages, but only if the delayed reports or information were supplied by the applicable aforesaid date in a draft or estimated form.

(ii) If the reporting requirements set forth in any of the above provisions of this Section 12.4 are not met, SHF, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of SHF; provided, however, that if the General Partner and SHF cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by SHF in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the General Partner out of Partnership funds.

12.5 Asset Management Fee. Commencing with the Fiscal Year in which the Partnership first receives revenue from renting apartments in the Apartment Complex, the Partnership shall pay, as an operational expense of the Partnership, an annual fee of $5,000 (the "Asset Management Fee") to SAHP (or to such other entity as SHF shall designate), for an annual review of the operations of the Partnership and the Apartment Complex. The Partnership shall pay the Asset Management Fee (a) from Net Cash Flow on each Payment Date for the Fiscal Year preceding such Payment Date, (b) from the proceeds of a Capital Transaction at the time of the Capital Transaction, and (c) from the net proceeds resulting from the liquidation of the Partnership on the date of liquidation. If on any Payment Date the Partnership lacks sufficient Net Cash Flow to pay all of the accrued but unpaid Asset Management Fee pursuant to this Section 12.5, then that portion of the accrued Asset Management Fee shall be deferred until the next Payment Date or other date on which payment of the Asset Management Fee is due. Interest shall accrue on any portion of the Asset Management Fee on which payment has been deferred at an annual rate of twelve percent (12%), compounded annually. With respect to any Fiscal Year which is less than a full Fiscal Year or during which the Asset Management Fee does not accrue for the entire Fiscal Year, the amount of the Asset Management Fee shall be prorated.

12.6 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership shall elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of SHF such election would be most advantageous to SHF. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.
12.7 Fiscal Year and Accounting Method. The Fiscal Year of the Partnership shall be determined pursuant to Section 706(b) of the Code. Accordingly, the Fiscal Year of the Partnership shall initially be the fiscal year of SHF, which ends at December 31. All Partnership accounts shall be determined on the accrual basis.

Article 13
AMENDMENTS

This Agreement may be amended only by a written amendment executed by all of the Partners. Notwithstanding the foregoing or anything to the contrary contained herein, if SHF either has or is projected to have a deficit balance in its Capital Account and SHF proposes an amendment to this Agreement which is intended to preserve the allocation of Tax Credits in the manner set forth in Exhibit I attached hereto and the allocation of 99.9% of Net Losses and Net Profits to SHF (or such lesser percentage determined by SHF), the General Partner and the SLP shall effectuate the adoption of such amendment, including without limitation the execution of an amendment to this Agreement.

Article 14
CONSENTS, VOTING AND MEETINGS

14.1 Submissions to Limited Partner. The General Partner shall give the Limited Partners Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such Notice shall include any information required by the relevant provision or by law.

14.2 Meetings; Submission of Matter for Voting. A majority of the Percentage Interests of all the Partners shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.

14.3 Voting Rights of SLP. Except for a vote to amend this Agreement in accordance with Section 13 hereof and the consent rights under this Agreement, SLP shall not have any voting rights. To the extent SLP has voting rights under the Act which may not be eliminated by agreement, SLP shall vote with SHF as one class. To the extent SLP and SHF vote as one class, the required vote of the Limited Partners to approve the action subject to the vote shall be the vote of holders of a majority of the Percentage Interests of all Limited Partners.

Article 15
GENERAL PROVISIONS

15.1 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

15.2 Successors and Assigns. Subject to provisions of this Agreement concerning transfer of Partnership Interests, the rights and obligations of the Partners under this Agreement
shall inure to the benefit of and bind the heirs, executors, administrators, successors and assigns of the respective parties hereto.

15.3 Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY PRESENT OR FUTURE AMENDMENT HEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

15.4 Remedies. If a Partner breaches any of its representations, warranties, covenants or other obligations under or in connection with this Agreement, the other Partners may pursue any available legal or equitable remedy under this Agreement or under applicable law without the necessity of dissolving and/or liquidating the Partnership.

15.5 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

15.6 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

15.7 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereto.

15.8 Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.
15.9 **Entire Agreement.** This Agreement and the Exhibits attached hereto set forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the subject matter hereof, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them with respect to such subject matter other than as set forth or incorporated herein. Without limiting the generality of the foregoing, this Agreement supersedes and replaces in its entirety any acquisition agreement, letter of intent, or other document relating to the subject matter hereof.

15.10 **Liability of SHF.** Under no circumstances shall the liability of SHF for any default under this Agreement be in excess of the amount of Capital Contributions payable by SHF to the Partnership under the terms of this Agreement, at the time of such default.

15.11 **Notices.** Any Notice required by the provisions of this Agreement to be given to one or more Partners shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next Business Day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sending same by facsimile transmission, addressed as follows:

To SHF: c/o AIG Retirement Services, Inc.
1 SunAmerica Center, Century City
Los Angeles, California 90067-6022
Attention: Michael L. Fowler, Vice President
Telephone: (310) 772-6000
Facsimile No.: (310) 772-6794

With a copy to: Jeffer Mangels Butler & Marmaro, LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, California 90067
Attention: Frederick W. Gartside, Esq.
Telephone: (310) 785-5309
Facsimile No.: (310) 203-0567

To the General Partner or the Partnership: 10405 E. Northwest Highway, Suite 100
Dallas, Texas 75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to: Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900
And a copy to:          Coats, Rose, Yale, Ryman & Lee, P.C.
                      3 Greenway Plaza, Suite 2000
                      Houston, Texas 77046
                      Attention: Barry Palmer, Esq.
                      Telephone: (713) 653-7395
                      Facsimile No.: (713) 651-0220

To SLP:               Churchill Residential, Inc.
                      5605 N. MacArthur Blvd., Suite 580
                      Irving, Texas 75038
                      Attention: Brad Forslund
                      Telephone: (972) 550-7800
                      Facsimile No.: (972) 550-7900

With a copy to:       Coats, Rose, Yale, Ryman & Lee, P.C.
                      3 Greenway Plaza, Suite 2000
                      Houston, Texas 77046
                      Attention: Barry Palmer, Esq.
                      Telephone: (713) 653-7395
                      Facsimile No.: (713) 651-0220

All Notices shall be effective upon personal delivery or upon being deposited with Federal
Express or in the United States mail or upon confirmation of receipt by facsimile as required
above. However, with respect to Notices so deposited with Federal Express or in the United
States mail, the time period in which a response to any such Notice must be given shall
commence to run from the next Business Day following any such deposit with Federal Express
or on the date on the return receipt of the Notice reflecting the date of delivery or rejection of the
same by the addressee thereof with respect to deposit in the United States mail. Rejection or
other refusal to accept or the inability to deliver because of changed address of which no Notice
was given shall be deemed to be receipt of such rejected, refused or undelivered Notice. By
giving to the other party hereto at least five Business Days' written Notice thereof in accordance
with the provisions hereof, the parties hereto shall have the right from time to time to change
their respective addresses and each shall have the right to specify as its address any other address
within the United States of America.

15.12 Legal Fees. In the event of any dispute pertaining to, or litigation or arbitration
arising from the enforcement or interpretation of this Agreement, the prevailing party shall be
entitled to an award of its attorney's fees, court costs and any other fees, costs and expenses
incurred in connection with such dispute, including those incurred in connection with all
appellate levels, bankruptcy, mediation or otherwise to maintain such action, from the losing
party.

15.13 Business Days. Notwithstanding anything to the contrary contained in this
Agreement, if any document, certificate, schedule or other material to be provided or condition
to be satisfied pursuant to this Agreement is due on a day that is not a Business Day, then such
document, certificate, schedule or other material or condition to be satisfied shall be due on the next Business Day.

15.14 **Not For Benefit of Creditors.** The provisions of this Agreement are intended solely for the regulation of the relations among the Partners and the Partnership. This Agreement is not intended to benefit a creditor that is not a Partner and does not grant any rights to or confer any benefits on a creditor that is not a Partner or any other Person that is not a Partner. Notwithstanding the foregoing, each Developer shall be deemed a third party beneficiary of the terms hereof relating in any manner to the Development Fee, with full right to enforce such terms. The parties hereto shall not amend any such terms of this Agreement relating to the Development Fee without the prior written consent of the Developer.

15.15 **No Continuing Waiver.** No waiver by a party hereto of any breach of this Agreement or any full or partial condition for performance hereunder shall be effective unless in a writing executed by such party. No waiver shall operate as or be construed to be a waiver of any subsequent breach or condition.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Rockwall Senior Community, L.P. as of the date first written above.

GENERAL PARTNER:

LIFENET-ROCKWALL, GP, L.L.C.,
a Texas limited liability company

By: LifeNet Community Behavioral Healthcare,
a Texas non-profit corporation, its sole
Member

By: [Signature]
Liam Mulvaney, President and Chief
Executive Officer

SHF:

SUNAMERICA HOUSING FUND 1472, A
NEVADA LIMITED PARTNERSHIP

By: AIG Retirement Services, Inc., a Delaware
corporation, General Partner

By: [Signature]
Michael L. Fowler, Vice President

SLP:

CHURCHILL RESIDENTIAL, INC.,
a Texas corporation

By: [Signature]
Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Rockwall Senior Community, L.P. as of the date first written above.

GENERAL PARTNER:

LIFENET-ROCKWALL, GP, L.L.C.,
a Texas limited liability company

By: LifeNet Community Behavioral Healthcare,
a Texas non-profit corporation, its sole Member

By: 
Liam Mulvaney, President and Chief Executive Officer

SHF:

SUNAMERICA HOUSING FUND 1472, A NEVADA LIMITED PARTNERSHIP

By: AIG Retirement Services, Inc., a Delaware corporation, General Partner

By: 
Michael L. Fowler, Vice President

SLP:

CHURCHILL RESIDENTIAL, INC.,
a Texas corporation

By: 
Bradley E. Forslund, President
# TABLE OF EXHIBITS

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Incentive Partnership Management Agreement</td>
</tr>
<tr>
<td>B</td>
<td>Development Agreement</td>
</tr>
<tr>
<td>C</td>
<td>Bridge Loan Note</td>
</tr>
<tr>
<td>D</td>
<td>Description of Land</td>
</tr>
<tr>
<td>E</td>
<td>Owner's and Contractor's Affidavit (Construction in Progress)</td>
</tr>
<tr>
<td>F</td>
<td>Development Budget</td>
</tr>
<tr>
<td>G</td>
<td>Management Agreement</td>
</tr>
<tr>
<td>H</td>
<td>Insurance Requirements</td>
</tr>
<tr>
<td>I</td>
<td>Allocation Provisions, Capital Accounts</td>
</tr>
<tr>
<td>J</td>
<td>Greatest Excess LP Loan Amount and Applicable Percentages</td>
</tr>
<tr>
<td>K</td>
<td>Replacement Reserve</td>
</tr>
<tr>
<td>L</td>
<td>Financing Summary</td>
</tr>
<tr>
<td>M</td>
<td>Legal Opinion</td>
</tr>
<tr>
<td>N</td>
<td>Right of First Refusal</td>
</tr>
<tr>
<td>O</td>
<td>Due Diligence Checklist</td>
</tr>
</tbody>
</table>
Exhibit A

Incentive Partnership Management Agreement

See attached.
INCENTIVE PARTNERSHIP MANAGEMENT AGREEMENT

THIS INCENTIVE PARTNERSHIP MANAGEMENT AGREEMENT (this "Agreement") is entered into as of January 9, 2006, by and among ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), CHURCHILL RESIDENTIAL, INC., a Texas corporation ("SLP") and LIFENET-ROCKWALL GP, L.L.C., a Texas limited liability company (the "General Partner").

WHEREAS, the General Partner, SLP and SunAmerica Housing Fund 1472, A Nevada Limited Partnership, as the limited partner (the "Limited Partner"), are all of the partners of the Partnership.

WHEREAS, the Partnership is governed by the Amended and Restated Agreement of Limited Partnership of the Partnership of even date herewith among the General Partner, SLP and the Limited Partner (the "Partnership Agreement"). All capitalized terms not defined herein shall have the meaning therefor set forth in the Partnership Agreement.

WHEREAS, the Partnership has been formed to develop the Apartment Complex;

WHEREAS, the Partnership desires that the General Partner and SLP provide certain management services with respect to the business of the Partnership for the period commencing as of the date hereof and continuing throughout the term of the Partnership.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

1. Appointment. The Partnership hereby appoints the General Partner and SLP to render services in managing and administering the Partnership during the term of the Partnership as herein contemplated.

2. Authority. In conformity with the provisions of the Partnership Agreement and subject to any consent rights of the Limited Partner set forth in the Partnership Agreement, throughout the term of the Partnership, the General Partner and the SLP shall have the following obligations:

   (a) the General Partner shall administer, manage and direct the business of the Partnership, and take such further action as it may deem necessary or desirable to further the interest of the Partnership in accordance with the provisions of the Partnership Agreement;

   (b) the General Partner shall monitor the day-to-day operations of the Project and make recommendations with respect thereto;

   (c) the General Partner and the SLP shall investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants and other similar advisors, attorneys, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection,
insurers, insurance agents and banks) and persons acting in any other capacity in connection with the Partnership;

(d) the General Partner shall maintain books and records of the Partnership as required by the Partnership Agreement and as required by any Project Lender, including information relating to the sale by any General Partner, the SLP or any Affiliate thereof of goods or services to the Partnership;

(e) the General Partner shall be responsible for the safekeeping and use of all funds and assets of the Partnership, including the maintenance of bank accounts in accordance with the Partnership Agreement;

(f) the General Partner shall furnish all documents required by Exhibit H of the Partnership Agreement;

(g) the General Partner shall provide the reports which Section 12.4 of the Partnership Agreement requires the General Partner to deliver to any Partner; and

(h) the SLP shall monitor the performance of the General Partner's obligations hereunder and under the Partnership Agreement.

3. Fees. For services to be performed under this Agreement, on each Payment Date relating to a distribution of Cash From Operations, the Partnership shall pay the General Partner and the SLP an incentive management fee (divided 87.5% to the SLP and 12.5% to the General Partner) for the prior Fiscal Year solely from Net Cash Flow pursuant to Paragraph 9.1(a) of the Partnership Agreement. In no event shall such incentive management fee in the aggregate for any Fiscal Year exceed $150,000 per annum less amounts paid or distributed under Section 9.1(a)(ii)(A) on the date the incentive management fee is paid. Such incentive management fee shall not be cumulative from year to year and payment thereof is subject to compliance with the Project Loans.

4. Withholding of Fee Payments. The Partnership shall be entitled to withhold payments to the General Partner and the SLP hereunder pursuant to Section 6.12 of the Partnership Agreement.

5. Termination. This Agreement shall terminate (i) as to the General Partner, on the removal or withdrawal of the General Partner for any reason, (ii) as to the SLP, on the removal or withdrawal of the SLP for any reason or (iii) as to the General Partner and the SLP, upon the sale or transfer of the Apartment Complex.

6. Assignment; Successors and Assigns. Neither the SLP nor the General Partner shall assign its rights or delegate its obligations under this Agreement without the prior written consent of the Limited Partner, which consent may be withheld in its sole and absolute discretion. This Agreement shall be binding on the parties hereto and their successors and assigns.

7. Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation
of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

8. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

9. **No Continuing Waiver.** The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

10. **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

11. **Third Party Beneficiary.** The Limited Partner is a third party beneficiary of this Agreement, and the Partnership, the SLP and the General Partner hereby expressly agree that any amendment to this Agreement shall not be effective unless and until same is consented to by the Limited Partner.

***
IN WITNESS WHEREOF, the parties have caused this Incentive Partnership Management Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership

By: LifeNet-Rockwall GP, L.L.C., a Texas limited liability company, General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: ____________________________
Name: ____________________________
Title: ____________________________

GENERAL PARTNER:

LIFENET-ROCKWALL GP, L.L.C., a Texas limited liability company, General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: ____________________________
Name: ____________________________
Title: ____________________________

SLP:

CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: ____________________________
Bradley E. Forslund, President
Exhibit B

Development Agreement
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of January 9, 2007, between ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), CHURCHILL COMMUNITIES, L.P., a Texas limited partnership ("Churchill Communities"), LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas non-profit corporation ("LifeNet" and together with Churchill Communities, the "Developers").

A. The Partnership is governed by its Amended and Restated Agreement of Limited Partnership dated as of even date herewith (the "Partnership Agreement") (capitalized terms used herein without definition shall have the definitions given them in the Partnership Agreement).

B. The Partnership has been formed to develop, construct, own, maintain and operate the Apartment Complex.

C. LifeNet-Rockwall, GP, L.L.C., a Texas limited liability company (the "General Partner"), Churchill Residential, Inc., a Texas corporation, and SunAmerica Housing Fund 1472, A Nevada Limited Partnership ("SHF"), are the sole Partners in the Partnership.

D. The Partnership desires to appoint the Developers to provide certain services for the Partnership with respect to overseeing the development of the Apartment Complex until all development work is completed.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Appointment. The Partnership hereby appoints the Developers to render services for the Partnership, and confirms and ratifies the appointment of the Developers with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Apartment Complex as herein contemplated.

2. Authority. In conformity with the provisions of the Partnership Agreement, the Developers shall have, and have had, the authority and the obligation to:

   (a) coordinate the preparation of the plans and specifications (the "Plans and Specs") by the architect ("Architect") selected by the Partnership and recommend alternative solutions whenever in a Developer's judgment design details affect construction feasibility or schedules;

   (b) monitor disbursement and payment of amounts owed to the Architect and the subcontractors;

   (c) inspect the construction of the Apartment Complex and advise the Partnership of items a Developer finds to be deficient;
(d) cooperate with the Partnership in securing all building code approvals and obtain certificates of occupancy for all of the residential units of the Apartment Complex;

(e) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;

(f) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;

(g) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts held by a Developer related to the Apartment Complex;

(h) provide and periodically update an Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;

(i) assist the Partnership in negotiating the Construction Contract and supervising construction;

(j) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(k) provide regular monitoring of the approved estimate of construction cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected costs exceed budgets or estimates;

(l) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

(m) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples;

(n) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

(o) revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(p) review change orders as to construction of the Apartment Complex; and

(q) review requests for disbursements of proceeds of loans to the Partnership for the construction of the Apartment Complex.
3. **Obligations of the General Partner (not the Developers).** Notwithstanding the foregoing, the Developers shall not have the following duties:

(a) analyzing the qualified allocation plan for targeted areas within the state in which the Land is located;

(b) identifying potential land sites and analyzing the demographics of potential sites;

(c) analyzing the economy and forecasting future growth potential of the geographic area in which the Apartment Complex is located;

(d) determining the Property's zoning status and possible rezoning strategies;

(e) contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances;

(f) performing environmental tests on the Land (except to the extent that the Developers are responsible for such tests on any buildings or Land immediately below the buildings);

(g) negotiating the purchase of the Property and its related financing;

(h) causing the Partnership to acquire the Land;

(i) arranging for the closing of the Term Loan; and

(j) processing necessary documentation with the Agency in connection with Tax Credits.

4. **Development Fee.**

(a) For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership shall pay the Developers a Development Fee in the aggregate amount of $1,809,023 as follows: (i) $50,000 shall be paid to LifeNet and $300,000 shall be paid to Churchill Communities upon execution of the Partnership Agreement and closing of the Term Loan and HOME Loan, (ii) $300,000 shall be paid to Churchill Communities at the time SHF makes the First Additional Capital Contribution, (iii) $908,115 shall be paid to Churchill Communities at the time SHF makes the Second Additional Capital Contribution, and (iv) $250,908 shall be paid to Churchill Communities at the time SHF makes the Third Additional Capital Contribution; provided, however, the amount payable from the Additional Capital Contributions is subject to adjustment downward by an amount equal to the reductions in, or refunds of, the Additional Capital Contributions under Section 5.1(c) of the Partnership Agreement and subject to adjustment in accordance with Section 6.23 of the Partnership Agreement. Subject to Section 4(b), any portion of the Development Fee not paid under the prior sentence (the "Deferred Development Fee") shall be paid solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Section 9 of the Partnership Agreement. The Development Fee shall be the only
amount payable to the Developers for services performed pursuant to this Agreement. The Developers shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of a Developer or for a Developer's overhead.

(b) The Deferred Development Fee shall bear interest commencing upon the date on which SHF makes its Third Additional Capital Contribution to the Partnership (the "Effective Date") on the outstanding unpaid balance at the "applicable Federal long-term rate" (as defined in Section 1274(d) of the Code) in effect on the Effective Date, compounded annually. All payments made to the Deferred Development Fee shall be applied first to interest due under the Deferred Development Fee and then to the outstanding balance of the Deferred Development Fee until the Deferred Development Fee is paid in full. Notwithstanding anything to the contrary contained in Section 6, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the tenth year following the date hereof, (ii) the date of liquidation of the Partnership, or (iii) the date of removal of the SLP from the Partnership.

(c) Each Developer and the Partnership shall execute and deliver the Affidavit of Services Rendered in the form attached hereto as Exhibit A and the Affirmation of Receipt of Services in the form attached hereto as Exhibit B to SHF; upon request by SHF.

(d) In the event of the withdrawal of the SLP in contravention of the Partnership Agreement or the removal of the SLP, the rights of the Developer hereunder, including the right to receive any unpaid Development Fee, shall be assigned to SHF or its designee.

5. Scope of Developers' Responsibility. Each of the Developers is responsible for the duties that it has specifically undertaken in this Agreement, and no additional duties or responsibilities may be implied from this Agreement.


(a) If (i) the SLP, any successor SLP, Churchill Communities or LifeNet shall not have complied with any provisions under the Partnership Agreement, this Agreement, the Incentive Partnership Management Agreement, or the Construction Contract, as applicable, within thirty (30) days after SHF delivers written notice of such noncompliance to the SLP, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all applicable cure periods, if any, as a result of acts or omissions of the SLP, Churchill Communities, LifeNet or any Affiliates of any of them, or (iii) foreclosure proceedings shall have been commenced against the Property as a result of acts or omissions of the SLP, Churchill Communities, LifeNet or any Affiliate of any of them, then the Developers shall be in default of this Agreement and the Partnership shall withhold payment of any installment of fees payable to Churchill Communities.

(b) All amounts so withheld by the Partnership under this Paragraph shall be promptly released to Churchill Communities only after the default justifying the withholding has been cured, as demonstrated by evidence reasonably acceptable to the SHF. In addition, the
Partnership shall be entitled to withhold payments to Churchill Communities hereunder pursuant to Section 6.12 of the Partnership Agreement.

7. **Pledged Payments.** Churchill Communities irrevocably directs the Partnership to pay to SHF any payments due hereunder to Churchill Communities (the “Pledged Payments”) at any time that there is an unsatisfied obligation secured by the Pledged Payments which is due and owing. The Partnership and Churchill Communities shall treat any Pledged Payments made by the Partnership to SHF as a payment by the Partnership to Churchill Communities hereunder of the particular Pledged Payment and a payment by Churchill Communities to SHF of the particular obligation which it secures. If there is more than one type of outstanding obligation secured at the time a Pledged Payment is made to SHF, SHF, in its sole discretion, shall decide to which secured obligation the Pledged Payments shall be applied.

8. **Assignment of Fees.** Each Developer shall not assign, pledge or otherwise encumber, for security or otherwise, the Development Fee, or any portion thereof or any right of a Developer thereto, without the Consent of SHF.

9. [Intentionally left blank]

10. **Successors and Assigns.** This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. However, this Agreement may not be assigned by any party hereto without the Consent of SHF, nor may it be terminated without the Consent of SHF.

11. **No Lien Filings.** Each Developer hereby represents, warrants and covenants that neither it nor its Affiliates shall file a mechanic's lien, materialmen's lien or other lien against the Apartment Complex or any other assets of the Partnership, and hereby waives and releases any right it may have or may hereafter acquire to file a such lien against the Apartment Complex or any other assets of the Partnership. Each Developer shall indemnify and hold harmless the Partnership, SHF from any losses, damages, and/or liabilities, to or as a result of a breach of this provisions.

12. **Separability of Provisions.** Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

13. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

14. **Waiver of Jury Trial.** EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS DEVELOPMENT AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY PRESENT OR FUTURE AMENDMENT THEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF
THEM WITH RESPECT TO THE DEVELOPMENT AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

15. **No Continuing Waiver.** No waiver by a party hereto of any breach of this Agreement shall be effective unless in a writing executed by such party. No waiver shall operate or be construed to be a waiver of any subsequent breach.

16. **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of Texas.

17. **Third Party Beneficiary.** SHF is a third party beneficiary of this Agreement.

18. **Amendments.** Each party hereto expressly agrees that any amendment to this Agreement shall not be effective unless signed by the parties hereto and Consented to by SHF.

19. **Attorney's Fees.** Each party hereto agrees to pay the other party, without demand, reasonable attorney's fees and all costs and expenses expended or incurred in collecting any amounts payable by such party hereunder or in enforcing this Agreement against the other party, whether or not suit is filed.

20. **Notices.** Any Notice required by the provisions of this Agreement to be given to one or more parties shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next Business Day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sending same by facsimile transmission, addressed as follows:

To the Partnership or LifeNet:

10405 E. Northwest Highway, Suite 100
Dallas, Texas 75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to:

Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund  
Telephone: (972) 550-7800  
Facsimile No.: (972) 550-7900

And a copy to:  
Coats, Rose, Yale, Ryman & Lee, P.C.  
3 Greenway Plaza, Suite 2000  
Houston, Texas 77046  
Attention: Barry Palmer, Esq.  
Telephone: (713) 653-7395  
Facsimile No.: (713) 651-0220

To Churchill Communities:  
5605 N. MacArthur Blvd., Suite 580  
Irving, Texas 75038  
Attention: Brad Forslund  
Telephone: (972) 550-7800  
Facsimile No.: (972) 550-7900

With a copy to:  
Coats, Rose, Yale, Ryman & Lee  
3 Greenway Plaza, Suite 2000  
Houston, Texas 77046  
Attention: Barry Palmer, Esq.  
Telephone: (713) 653-7395  
Facsimile No.: (713) 651-0220

To SHF:  
c/o AIG Retirement Services, Inc.  
1 SunAmerica Center, Century City  
Los Angeles, California 90067-6022  
Attention: Michael L. Fowler, Vice President  
Telephone: (310) 772-6000  
Facsimile No.: (310) 772-6794

With a copy to:  
Jeffer Mangels Butler & Marmaro, LLP  
1900 Avenue of the Stars, 7th Floor  
Los Angeles, California 90067  
Attention: Frederick W. Gartside, Esq.  
Telephone: (310) 785-5309  
Facsimile No.: (310) 203-0567

All Notices shall be effective upon personal delivery or upon being deposited with Federal Express or in the United States mail or upon confirmation of receipt by facsimile as required above. However, with respect to Notices so deposited with Federal Express or in the United States mail, the time period in which a response to any such Notice must be given shall commence to run from the next Business Day following any such deposit with Federal Express or on the date on the return receipt of the Notice reflecting the date of delivery or rejection of the same by the addressee thereof with respect to deposit in the United States mail. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice
was given shall be deemed to be receipt of such rejected, refused or undelivered Notice. By giving to the other party hereto at least five Business Days' written Notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

ROCKWALL SENIOR COMMUNITY, L.P.,
a Texas limited partnership

By: LifeNet-Rockwall, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By:__________________________
   Liam Mulvaney, President and
   Chief Executive Officer

DEVELOPERS:

CHURCHILL COMMUNITIES, L.P.

By: Churchill Residential, Inc., a general partner

By:__________________________
   Bradley E. Forslund, President

By: LHTE Development, Inc., a general partner

By:__________________________
   Name: _______________________
   Title: _______________________

LIFENET COMMUNITY BEHAVIORAL
HEALTHCARE, a Texas non-profit corporation

By:__________________________
   Liam Mulvaney, President and
   Chief Executive Officer
EXHIBIT A
TO
DEVELOPMENT AGREEMENT

AFFIDAVIT OF SERVICES RENDERED
AFFIDAVIT OF SERVICES RENDERED

THIS AFFIDAVIT is made as of ______________, by ______________ (hereinafter "Affiant") for the benefit of ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership").

A. Churchill Communities, L.P., a Texas limited partnership and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation (each a "Developer"), entered into a certain Development Agreement with the Partnership dated January 9, 2007 (the "Agreement"), which provides that Developer is to render certain services to and on behalf of the Partnership with respect to overseeing the development of Evergreen at Rockwall Senior Apartments (the "Apartment Complex").

B. Developer performed certain portions of the total services required to be performed under the Agreement, as set forth in more detail below, and Developer has earned a corresponding amount of the total compensation provided for under the Agreement.

THEREFORE, Affiant, as an officer of a general partner of Developer, being duly sworn upon oath, hereby states as follows:

1. Developer has fully performed its duties in rendering the services set forth below in accordance with the terms and conditions of the Agreement (with defined terms having the meaning ascribed to them in the Agreement unless otherwise indicated herein):

   Initials [Only initial those services actually performed as of the date of this Affidavit]

   ______ (1) coordinate the preparation of the plans and specifications (the "Plans and Specs") by the architect ("Architect") selected by the Partnership and recommend alternative solutions whenever in Developer's judgment design details affect construction feasibility or schedules;

   ______ (2) monitor disbursement and payment of amounts owed Architect and the subcontractors;

   ______ (3) inspect the construction of the Apartment Complex and advise the Partnership of items Developer finds to be deficient;

   ______ (4) cooperate with the Partnership in securing all building code approvals and obtain certificates of occupancy for all of the residential units of the Apartment Complex;

   ______ (5) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;

   ______ (6) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;
(7) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts held by Developer related to the Apartment Complex;

(8) provide and periodically update an Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;

(9) assist the Partnership in negotiating the Construction Contract and supervising construction;

(10) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(11) provide regular monitoring of the approved estimate of construction cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected Costs exceed budgets or estimates;

(12) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

(13) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples;

(14) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

(15) revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(16) review change orders as to construction of the Apartment Complex; and

(17) review requests for disbursements of proceeds of loans to the Partnership for the construction of the Apartment Complex.

2. Based upon the amount of services performed by Developer as of the date first above written, Affiant hereby states and affirms that $_________ has been fully earned. Such earned fee shall be paid by the Partnership at such times and in such forms as provided in, and otherwise in accordance with, the terms and conditions of the Agreement.

Further Affiant sayeth not.
State of ______________________

County of ______________________

Before me, the undersigned Notary Public in and for the aforesaid County and State, personally appeared ______________________, and being duly sworn, acknowledged the execution of the foregoing Affidavit of Services Rendered.

Witness my hand and notarial seal this ______ day of ____________.

My Commission Expires: ______________________

____________________________
Notary Public
EXHIBIT B
TO
DEVELOPMENT AGREEMENT

AFFIRMATION OF RECEIPT OF SERVICES
AFFIRMATION OF RECEIPT OF SERVICES

ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), hereby affirms that the Partnership received the services of Developer described in Paragraph 1 of the Affidavit of Services Rendered to which this Affirmation is attached. The Partnership hereby further affirms that $____________ of the development fee payable to the Developer pursuant to the Agreement was fully earned as of ________________.

EXECUTED on ____________.

ROCKWALL SENIOR COMMUNITY, L.P.,
a Texas limited partnership

By: LifeNet-Rockwall, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: ____________________________
Liam Mulvaney, President and Chief Executive Officer

STATE OF TEXAS  )
COUNTY OF ________________  )

The foregoing instrument was acknowledged before me this ___ day of __________, 200__, by Liam Mulvaney, as President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole member of LifeNet-Rockwall, GP, L.L.C., General Partner of Rockwall Senior Community, L.P., a Texas limited partnership.

WITNESS my hand and official seal.

My commission expires: ________________

Notary Public
Exhibit C

Bridge Loan Note
BRIDGE LOAN NOTE

$8,434,139 January 9, 2007
Dallas, Texas

FOR VALUE RECEIVED, ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership ("Maker"), whose address is 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238, promises to pay to the order of the Agent (as defined below), for the benefit of all the Lenders (as such, "Holder"), the Agent's address being 450 Mamaroneck Avenue, Harrison, New York 10528 or such other address as Holder may from time to time designate, the principal sum of Eight Million Four Hundred Thirty-Four Thousand One Hundred Thirty-Nine Dollars ($8,434,139) (or such lesser amount as may be advanced by Lenders to Maker and be outstanding in connection with this Note), together with interest thereon at the interest rates set forth below.

1. Definitions. As used herein, the following terms shall have the indicated meanings:

   Advance. A borrowing evidenced hereby, which shall include any Base Rate Advance and any Eurodollar Advance.

   Agent. Citicorp North America, Inc., in its capacity as agent for the Lenders.

   Business Day. (a) With respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market, and (b) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities.

   Company. AIG Retirement Services, Inc., a Delaware corporation.

   Facility Account. The account of the Company at Citibank, N.A., as may from time to time be identified in writing to Maker by the Company as the "Facility Account."

   Facility Agreement. The Facility Agreement, dated as of December __, 2006, among the Company, the Agent and the Lenders named therein from time to time, as amended, restated, supplemented or otherwise modified from time to time.

   Lenders. The lenders party to the Facility Agreement and their respective successors and assigns.

   Loan. The loan or loans evidenced hereby.

   Loan Documents. Collectively, all documents and instruments now or hereafter evidencing, securing or guaranteeing the indebtedness evidenced by this Note, as the same may be amended from time to time hereafter.
Maturity Date. The earliest to occur of (a) any date specified by the Company to Maker as being the date on or after which the items under Section 5.1(b)(ii) of the Partnership Agreement have been approved by the Company, provided the First Additional Capital Contribution thereunder has been funded and which date the Company has designated as the maturity date hereof, and (b) the second anniversary of the date hereof.

Maximum Rate. The maximum non-usurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including, to the extent permitted by such applicable law, any amendments thereof or any new law thereafter coming into effect to the extent a higher maximum non-usurious rate of interest is permitted thereby. The Maximum Rate shall be applied by taking into account all amounts characterized by applicable law as interest on the debt evidenced by this Note, so that the aggregate of all interest does not exceed the maximum non-usurious amount permitted by applicable law.

Note. This Bridge Loan Note.

Partnership Agreement. The Amended and Restated Agreement of Limited Partnership dated of even date herewith between LifeNet-Rockwall, GP, L.L.C., a Texas limited liability company, Churchill Residential, Inc. and SunAmerica Housing Fund 1472, A Nevada Limited Partnership, governing Maker, as amended from time to time.

Reserve Requirement. With respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D of the Board of Governors of the Federal Reserve System on Eurocurrency liabilities.

2. Interest Rate. The outstanding principal balance of this Note shall bear interest from time to time at the Alternate Base Rate or, if applicable, at the rate, or combination of rates, chosen by the Company as set forth below, provided however that during any time after the occurrence and continuation of an Event of Default, at the option of the Company, the outstanding principal balance hereof shall bear interest at a rate per annum equal to the rate otherwise applicable plus 2% per annum. In no event shall the rate of interest payable hereunder exceed the Maximum Rate. Any portion of the outstanding principal balance of this Note from time to time constituting a Base Rate Advance shall, during such time, bear interest at the rate per annum equal to the Alternate Base Rate from and including the date on which such Advance was converted into or otherwise became a Base Rate Advance to (but not including) the date on which such Base Rate Advance is paid or converted to a Eurodollar Advance. At the option of the Company, all or any portion of the principal amount hereof may from time to time bear interest at the Eurodollar Rate for a specified Interest Period. Any portion of the outstanding principal balance of this Note from time to time constituting a Eurodollar Advance shall bear interest from and including the first day of the Interest Period applicable thereto, but not including, the last day of such Interest Period at the rate per annum equal to the Eurodollar Rate for such Interest Period.
In its sole discretion, the Company shall choose the method of calculating interest, the type of Advance (whether a Base Rate Advance or Eurodollar Advance), the date on which interest is payable hereunder, and the length of Interest Periods for Eurodollar Advances.

For purposes hereof, the following terms have the following meanings:

"Alternate Base Rate" - for any day, a rate of interest per annum equal to the higher of (a) the Corporate Base Rate for such day, and (b) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum; "Base Rate Advance" - at any time, that portion of the outstanding principal amount of this Note as to which interest is not accruing at the Eurodollar Rate; "Corporate Base Rate" - a rate per annum equal to the corporate base rate of interest announced by Citibank, N.A., from time to time, changing when and as said corporate base rate changes (the Corporate Base Rate is a reference rate and does not necessarily represent the lowest or best rate of interest actually charged to any customer); "Eurodollar Advance" - at any time, any portion of the outstanding principal amount of this Note which accrues interest at the Eurodollar Rate for a specified Interest Period pursuant to an election made by the Company on behalf of Maker pursuant to this Section 2 (when used with respect to any Lender, "Eurodollar Advance" shall mean such Lender's share thereof); "Eurodollar Base Rate" - with respect to a Eurodollar Advance for the relevant Interest Period, (a) the rate at which deposits in U.S. Dollars appear on Telerate page 3750 as of 11 a.m. (London time) two Business Days prior to the first day of such Interest Period or (b) for any Interest Period for which no such Telerate quote is available, the rate at which deposits in U.S. Dollars are offered by the Agent (or its successor, if any, as agent for the Lenders under the Facility Agreement) to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in an amount agreed upon by the Company and the Lenders and having a maturity approximately equal to such Interest Period; "Eurodollar Rate" - with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) 0.19% (the Eurodollar Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple); "Federal Funds Effective Rate" - for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (New York time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion; "Interest Period" - with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Company on behalf of Maker pursuant to this Section 2 (such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter as selected by the Company); provided, however, that if there is no such numerically corresponding day, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day).
3. **Payment.** The outstanding principal balance hereof, together with interest and all other amounts payable hereunder, shall be due on the Maturity Date.

4. **Payment of Interest.** All amounts due hereunder shall be payable in lawful money of the United States of America. Accrued interest not paid when due shall, to the fullest extent allowed by law, bear interest at the same rate as the principal of this Note.

5. **Interest Payment Dates; Interest Basis.** Interest accrued on each Base Rate Advance shall be payable on the last day of each month, commencing with the first such date to occur after the date hereof, on any date on which a Base Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which such Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day the Loan is made but not for the day of any payment on the amount paid if payment is received by the Agent prior to 1:00 P.M. (New York time) at the place of payment. If any payment of principal of or interest on the Loan shall become due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day.

6. **Method of Payment.** All payments hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Facility Account, or to such other account as the Agent may designate in writing to Maker and Company, by 1:00 P.M. (New York time) on the date when due.

7. **Voluntary Prepayment; Reborrowings.** This Note may not be voluntarily prepaid except with the consent of the Company. Any such prepayment shall be subject to Section 17 hereof. Except as provided in the preceding two sentences, Maker may prepay this Note at any time without premium or penalty. Maker shall not be entitled to reborrow any amounts prepaid hereunder except, with the consent of the Company, as described in Section 16. Although the face amount of this Note may exceed the initial Advance hereunder, the Lenders shall be under no obligation to Maker to make any additional Advances.

8. **Mandatory Prepayment.** Whenever Maker receives a cash capital contribution from the Company or any affiliate of the Company, Maker shall promptly remit an amount equal to 100% of such capital contribution to the Facility Account to be used first to pay interest and other amounts (other than principal) payable hereunder, and next to repay principal of this Note, on the date specified by the Company.

9. **Administrative Matters.** Maker hereby authorizes Holder to extend, convert or continue Advances, effect selections of interest options and to transfer funds based on telephonic notices made by any person or persons Holder in good faith believes to be acting on behalf of the Company.

10. **Taxes.** Any payments made by Maker under this Note shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes
or similar charges imposed by any U.S. federal governmental authority, excluding net income
taxes and franchise taxes or any other tax based upon any income imposed on the Agent or any
Lender by the jurisdiction in which the Agent or such Lender is incorporated or has its principal
place of business; provided that if any such non-excluded taxes or similar charges ("Non-
Excluded Taxes") are required to be withheld from any amounts payable to the Agent or any
Lender hereunder, such deduction or withholding shall be made and the amount thereof shall be
paid to the relevant tax authority and the amounts so payable to the Agent or such Lender shall,
upon demand of the Agent or relevant Lender, as applicable, be increased to the extent necessary
so that the Agent or such Lender receives the amount it would have received hereunder if such
withholding or deduction had not been made. Whenever any Non-Excluded Taxes are payable
by Maker, as promptly as practicable thereafter Maker shall send to the Agent for its own
account or for the account of such Lender, as the case may be, a certified copy of an original
official receipt therefor. The agreements in this Section shall survive the termination of this Note
and the payment of all other amounts payable hereunder. Maker shall also pay any present or
future sales, stamp or documentary taxes or excise or property taxes, charges or similar levies
which arise from any payment hereunder or in connection with this Note.

11. Events of Default. At the option of Holder (or, in the case of (c) or (d) below,
automatically), the payment of all principal, any interest accrued thereon and any other
sums then due and payable under the provisions of this Note will be accelerated and such principal,
interest and such other sums shall be immediately due and payable without notice or demand
upon the earlier to occur of any of the following events (each an "Event of Default"):

   (a) the failure of Maker to pay any amounts hereunder when due;

   (b) a default under any Loan Document, not cured within any applicable grace
       period;

   (c) Maker's making an assignment for the benefit of creditors or filing a
       voluntary petition in bankruptcy or filing any petition or answer seeking for itself any
       arrangement, composition, adjustment, liquidation, dissolution or similar relief to which it may
       be entitled, or filing any answer admitting the material allegations of any petition filed against it
       in any such proceedings, or seeking or consenting to or acquiescing in the appointment of any
       trustee, receiver, custodian or liquidator of all or a substantial part of its properties or assets; and

   (d) the commencement of a bankruptcy or insolvency proceeding against
       Maker (unless stayed or dismissed within sixty days).

12. Release. Each Maker, endorser, cosigner and guarantor of this Note hereby
expressly grants to Holder the right to release or to agree not to sue any other person, or to
suspend the right to enforce this Note against such other person or to otherwise discharge such
person; and each such Maker, endorser, cosigner and guarantor hereby agrees that the exercise of
such rights by Holder shall have no effect on the liability of any other person, primarily or
secondarily liable hereunder.

13. Waivers. Maker, for itself and its legal representatives, successors and assigns,
expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice
of maturity, notice of protest, presentment for the purposes of accelerating the maturity, and
diligence in collection.

14. Attorneys' Fees. If Holder or Company employs counsel to collect this Note or
otherwise to exercise its remedies, including without limitation filing a claim in connection with
any bankruptcy or insolvency proceedings, Maker shall pay the reasonable fees, costs and
expenses of Holder and Company, including without limitation attorneys' fees, whether or not
suit is brought.

15. Limitations on Interest. This Note is subject to the express condition that at no
time shall Maker be obligated or required to pay interest on the principal balance at a rate which
could subject Holder to either civil or criminal liability as a result of being in excess of the
maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of
this Note Maker is at any time required or obligated to pay interest on the principal balance at a
rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be
immediately reduced to such maximum rate and interest payable hereunder shall be computed at
such maximum rate.

16. Illegality. If any Lender having outstanding any Eurodollar Advances shall
determine that it may not lawfully continue to maintain and fund any of its outstanding
Eurodollar Advances to maturity and shall so specify in a notice to the Company, Maker shall,
upon request from the Company, promptly prepay in full the then outstanding principal amount
of each such Eurodollar Advance together with accrued interest thereon in conjunction with a
Base Rate Advance in a like principal amount from such Lender.

17. Funding Losses. If for any reason Maker makes any payment of principal with
respect to any Eurodollar Advance on any day other than the last day of the Interest Period
applicable thereto, or if Maker fails to borrow or prepay any Eurodollar Advance after notice
thereof has been given, Maker shall, on request of the Company, reimburse each Lender within
30 days after demand for any resulting loss or expense incurred by it (or by any participant in the
related Advance), including (without limitation) any loss incurred in obtaining, liquidating or
employing deposits from third parties, but excluding loss of margin for the period after any such
payment or failure to borrow, provided that such Lender has delivered to the Company (with a
copy to the Agent) a certificate setting forth in reasonable detail calculations as to the amount of
such loss or expense, which certificate shall be conclusive and binding on Maker in the absence
of manifest error.

18. Role of Agent. Maker acknowledges and agrees that this Note is made payable to
the order of the Agent as a matter of administrative convenience and that this Note evidences a
number of discreet loans in the aggregate principal amount set forth in the first paragraph of this
Note, which loans have been made on the same date by the Lenders.

19. Authority of the Company. Maker irrevocably authorizes the Company from time
to time to give and receive notices and directions on behalf of Maker with respect to this Note
(including without limitation notices with respect to borrowing, repayment, the selection of
Interest Periods, the selection of Eurodollar Advances or Base Rate Advances, and the basis
upon which interest shall be calculated). Maker irrevocably and unconditionally agrees to be
bound by such notices and directions by the Company, and agrees that the Agent and the Lenders may rely upon, and shall incur no liability by acting upon, any such notices or directions and the Company shall incur no liability to Maker in connection therewith.

20. The Facility Account. Maker irrevocably directs the Agent to disburse the proceeds of this Note to the Facility Account and agrees that such funds shall be deemed received by Maker (and interest shall commence accruing thereupon) upon the deposit of such amounts in the Facility Account. The foregoing shall be true without respect to whether or when such amounts are transmitted by the Company to Maker, and Maker irrevocably releases the Lenders, the Agent and their respective officers, directors and employees from any and all liabilities in respect of any misdirection or misapplication of such funds by the Company. Maker agrees that, notwithstanding its deposit of funds into the Facility Account as a step towards payment of any amount due under the Loan Documents, such amounts shall be deemed received by the Lenders (and, if applicable, interest thereon shall cease accruing) only upon the actual receipt by the Agent or the Lenders, as applicable, of such amount (it being understood that for such purpose the Facility Account is an account of the Company, not of the Agent or the Lenders) and Maker shall have no interest in or claim on the Facility Account or amounts therein. Maker agrees that the Company may in its discretion transfer to the Agent, or hold, any such amounts in the Facility Account or otherwise withdraw and invest such amounts, and not transfer such amounts to the Agent for purposes of payment hereunder until the end of any current Interest Period relating thereto or otherwise as the Company determines appropriate.

21. Notice. Whenever any party hereto shall desire to, or be required to, give or serve any notice, demand, request or other communication with respect to this Note, each such notice, demand, request or communication shall be in writing and shall be effective only if the same is delivered by personal service (including, without limitation, courier or express service) or mailed certified or registered mail, postage prepaid, return receipt requested, or sent by facsimile transmission with confirmation of receipt, to the parties at the addresses and facsimile numbers shown throughout this Note or such other addresses which the parties may provide to one another in accordance herewith. If notice is sent to Holder or Company, a copy of such notice shall also be given to Jeffer, Mangels, Butler & Marmaro LLP, 1900 Avenue of the Stars, 7th Floor, Los Angeles, California 90067; Attention: Frederick W. Gartside, Esq. Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with this Section will be effective upon execution by the addressee of the return receipt. Notices delivered via facsimile will be effective upon confirmation of receipt.

22. Recourse Obligation. This Note is specifically a full recourse obligation, and nothing herein contained shall be construed to prevent Holder from proceeding personally against Maker under this Note. Maker may not transfer its obligations under this Note without the prior written consent of Holder and Company.

23. Subordination. Holder agrees that payments on this Note shall be subordinate and inferior to all payments with respect to any Project Loan (other than to the Company or an affiliate of the Company) and that Holder shall not seek or accept any payments in violation of any applicable loan documents, and that if Holder receives payments during the pendency of a default, it shall hold such payments in trust for the benefit of the holder of such Project Loan.
(other than a Project Loan to the Company or an affiliate of the Company). Notwithstanding the foregoing, nothing herein shall preclude any Company payments to Holder pursuant to the guaranty of the Note given by the Company pursuant to the Facility Agreement.

24. **Termination.** This Note may not be terminated or amended orally, but only by a termination in writing signed by Holder and Company or an amendment in writing signed by Holder, Maker and Company. This Note shall inure to the benefit of Agent, Lenders and their respective successors and assigns.

25. **Business Purpose.** Maker certifies that this loan is obtained, and the proceeds of the Loans will be used by Maker for, its business purposes, and that the proceeds thereof will not be used for personal, family, household or agricultural purposes, and that no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation G or Regulation U of the Board of Governors of the Federal Reserve System). Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System (relating to margin stock in the case of each such regulation).

26. **Representations and Warranties.** Maker makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Holder, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

(a) Maker’s Employer Identification Number is 20-5394331 and its principal place of business is at the address first written above.

(b) Maker agrees that it shall not, without prior written notification to Holder, move or otherwise change its principal place of business.

27. **CHOICE OF LAW.** THIS NOTE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES FURTHER AGREE THAT IN THE EVENT OF DEFAULT, THIS NOTE MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE OF TEXAS AND THEY DO HEREBY SUBMIT TO THE JURISDICTION OF ANY AND ALL SUCH COURTS REGARDLESS OF THEIR RESIDENCE OR WHERE THIS NOTE OR ANY ENDORSEMENT HEREOF MAY BE EXECUTED.

28. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND ACKNOWLEDGING THAT THE CONSEQUENCES OF SAID WAIVER ARE FULLY UNDERSTOOD, MAKER HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY (AND BY ACCEPTANCE HEREOF, THE AGENT AND EACH LENDER WAIVES SUCH RIGHT), THE RIGHT TO INTERPOSE ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS, ANY CLAIM OF LACHES AND ANY SETOFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION IN ANY ACTION OR
PROCEEDING INSTITUTED AGAINST MAKER OR ANY OTHER PERSON LIABLE ON THIS NOTE. MAKER ACKNOWLEDGES AND AGREES THAT HOLDER SHALL HAVE ALL RIGHTS OF A THIRD PARTY CREDITOR WITH RESPECT TO THIS NOTE, AND MAKER WAIVES AND RELEASES FOR ITSELF ALL CLAIMS TO THE CONTRARY.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
SIGNATURE PAGE TO THAT CERTAIN BRIDGE LOAN NOTE
GIVEN BY ROCKWALL SENIOR COMMUNITY, L.P., A TEXAS
LIMITED PARTNERSHIP, TO CITICORP NORTH AMERICA, INC.,
IN ITS CAPACITY AS AGENT FOR THE LENDERS

EXECUTED as of the date set forth above.

MAKER:

ROCKWALL SENIOR COMMUNITY, L.P., a
Texas limited partnership

By: LifeNet-Rockwall, GP, L.L.C., General
Partner

By: LifeNet Community Behavioral
Healthcare, a Texas non-profit
corporation, its sole Member

By: ___________________________
Liam Mulvaney, President and
Chief Executive Officer
Exhibit D

Description of Land

BEING ALL OF LOT 3, BLOCK A OF EASTSHORE, AN ADDITION TO THE CITY OF ROCKWALL, ROCKWALL COUNTY, TEXAS ACCORDING TO THE PLAT RECORDED IN VOLUME G, PAGE 87, PLAT RECORDS, ROCKWALL COUNTY, TEXAS.
Exhibit E

Owner's and Contractor's Affidavit
(Construction in Progress)

STATE OF __________________)
COUNTY OF __________________)

On this ___ day of ____________, 200__, before me personally appeared Rockwall Senior Community, L.P., Owner, and __________, General Contractor, to me personally known, who, being duly sworn on their oaths, did say that they are the Owner of the property hereinafter described and the General Contractor in connection with the construction or repair of the improvements located on said property as indicated above (if the word "None" appears in the above space preceding "General Contractor," Owner stated that construction or repair was made under its own supervision, no general contractor having been employed) and that all of the persons, firms and corporations, except those whose names, if any, appear on the Waiver of Liens on the reverse side hereof, including the General Contractor and all subcontractors who have furnished services, labor, or materials, according to plans and specifications, or extra items, used in the construction or repair of such improvements, have been paid for all labor or services performed and/or for all materials or supplies furnished up to the date hereof, that there are no mechanics' or materialmen's liens against said property and no claims outstanding which would entitle the holder thereof to claim a lien against the property (except those claims, if any, which are waived by the Waiver of Liens on the reverse side hereof). General Contractor hereby waives and releases its right to file a mechanics' or materialmen's lien against said property, and

Further, that there are no financing statements, chattel mortgages, conditional bills of sale or retention of title agreements affecting any fixtures or any cabinets, mantles, awnings, doors or windows or screens therefor or any plumbing, lighting, heating, cooking, refrigerating, ventilating or air-conditioning equipment or apparatus used separately or in combination as packaged units or installations in connection with the improvements on the property, and

That this affidavit is made for the purpose of inducing the making of a loan on said property and Republic Title of Texas, Inc. ("Title Company") to issue its policy or policies insuring the title to said property without exception to, or providing insurance against, claims of mechanics, materialmen and laborers, and said affiants do hereby jointly and severally agree to indemnify and hold Title Company harmless of and from any and all loss, cost, damage and expense of every kind, including attorneys' fees, which said Title Company shall or may suffer or incur or become liable for under its said policy or policies directly or indirectly, out of such improvements, repairs or other construction on the property hereafter described or on account of any such mechanics' or materialmen's lien or liens or claim or claims, or in connection with its enforcement of its rights under this affidavit.

Affidavit
Rockwall Senior Community, L.P.
The real estate and improvements referred to herein are situated in Rockwall, Texas, and are briefly described as a 141-unit multifamily apartment complex.

ROCKWALL SENIOR COMMUNITY, L.P.,
a Texas limited partnership

By: LifeNet-Rockwall, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: __________________________
Liam Mulvaney, President and Chief Executive Officer

[CONTRACTOR], a [Contractor State/Entity]

[SAMPLE ONLY - NOT FOR SIGNATURE]

By: __________________________
[Contractor Signatory],
[Contractor Signatory Title]
STATE OF TEXAS )
COUNTY OF _________________ )

The foregoing instrument was acknowledged before me this ____ day of
____________, 200__, by Liam Mulvaney, as President and Chief Executive Officer of
LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole member of
LifeNet-Rockwall, GP, L.L.C., General Partner of Rockwall Senior Community, L.P., a Texas
limited partnership.

WITNESS my hand and official seal.

My commission expires: _________________

______________________________
Notary Public
STATE OF _______________ )

COUNTY OF _______________ ) ss.

The foregoing instrument was acknowledged before me this ___ day of _______________, 200__, by [Contractor Signatory], as [Contractor Signatory Title] of [Contractor], a [Contractor State/Entity].

WITNESS my hand and official seal.

My commission expires: _______________

_________________________________

Notary Public
## Churchill at Rockwall
### Development Budget

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>Calculation</th>
</tr>
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<tbody>
<tr>
<td><strong>Net Square Feet</strong></td>
<td>114,500</td>
<td>114,500.00</td>
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<tr>
<td><strong>Land</strong></td>
<td></td>
<td></td>
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<tr>
<td>100 Land</td>
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<tr>
<td>101 Existing Structure</td>
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<tr>
<td>200 Building Acquisition</td>
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<tr>
<td>201 Closing Costs &amp; Acquisition Legal Fees</td>
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<td>0.0% of Cost of Budget</td>
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<tr>
<td><strong>Hard Costs</strong></td>
<td></td>
<td></td>
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<tr>
<td>300 Hard Costs</td>
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<tr>
<td>301 Contingency (Hard)</td>
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<td>303 General Contingencies, Etc. (5%)</td>
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<td>304 Contractor Overhead (1%)</td>
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<tr>
<td>305 Contractor Prime (SH)</td>
<td>$225,727</td>
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<td>306 Delinquent Taxes (refund Basis)</td>
<td>$0</td>
<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>307 Accessory Buildings</td>
<td>$0</td>
<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>308 Professional Property &amp; Audiences</td>
<td>$0</td>
<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>309 Other</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td><strong>Soft Costs</strong></td>
<td></td>
<td></td>
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<tr>
<td>400 Administrative Design</td>
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<tr>
<td>401 Miscellaneous</td>
<td>$2,635,000</td>
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<tr>
<td>402 Engineering</td>
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</tr>
<tr>
<td>403 Legal Fees Capitalized (Eligible)</td>
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<td>22.0% of Development Budget</td>
</tr>
<tr>
<td>404 Accounting Fees (Eligible)</td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
</tr>
<tr>
<td>405 Building Acq. &amp; Impact Fees</td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
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<tr>
<td>406 Reimbursables</td>
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<tr>
<td>407 Appraisal &amp; Market Study</td>
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<tr>
<td>408 Place Environmental</td>
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<tr>
<td>409 Geotechnical (Soil Report)</td>
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<tr>
<td>410 Surveying</td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
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<tr>
<td>411 Title Purchase</td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
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<tr>
<td>412 Real Estate Taxes</td>
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<td>22.0% of Development Budget</td>
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<tr>
<td>413 Other</td>
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<td>N/A. 0.0% of Cost of Budget</td>
</tr>
<tr>
<td>414 Land Planner/Zoning Consultant</td>
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<td>22.0% of Development Budget</td>
</tr>
<tr>
<td>415 Miscellaneous</td>
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<td>22.0% of Development Budget</td>
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<tr>
<td>417 Other</td>
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<tr>
<td>418 Soft Cost Contingency</td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
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<tr>
<td><strong>Total Soft Costs</strong></td>
<td>$2,635,000</td>
<td>22.0% of Development Budget</td>
</tr>
<tr>
<td><strong>Financing - Construction</strong></td>
<td>$22,458,349</td>
<td>100.0% of Budget</td>
</tr>
<tr>
<td>500 Construction Loan Fee (Slt)</td>
<td>$12,200,000</td>
<td>53.9% of Development Budget</td>
</tr>
<tr>
<td>501 Land - Legal Costs (Slt/Non-Merger)</td>
<td>$12,200,000</td>
<td>53.9% of Development Budget</td>
</tr>
<tr>
<td>502 Title &amp; Records</td>
<td>$12,200,000</td>
<td>53.9% of Development Budget</td>
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<tr>
<td>503 Closing Costs</td>
<td>$12,200,000</td>
<td>53.9% of Development Budget</td>
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<tr>
<td>504 Sun interim (OC Cost 2 Years)</td>
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<tr>
<td><strong>Total Capitalized Interest</strong></td>
<td>$22,458,349</td>
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<tr>
<td><strong>Capitalization Interest</strong></td>
<td>$117,230</td>
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<td><strong>Financing - Permanent</strong></td>
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<tr>
<td>700 Permanent Loan Origination Fee</td>
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<td>100.0% of Development Budget</td>
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<tr>
<td>701 Permanent Loan Closing Fee</td>
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<td>702 Land - Legal - Perm (Non-Merger)</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<td>703 Legal - Perm (Exempt)</td>
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<td>704 Accounting Fees (ineligib)</td>
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<td>705 Organizational Fees</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>706 Non-Perm Fee</td>
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<td>707 Development Cost</td>
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<tr>
<td>708 Development Fee</td>
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<tr>
<td>709 UCC Search</td>
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<tr>
<td>710 Misc. Costs</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<td>711 Total Credit Contingency</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>712 Subordination/Participation Fees</td>
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<td>N/A. 0.0% of Cost of Budget</td>
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<td>713 Tax Credit Fees</td>
<td>$0</td>
<td>N/A. 0.0% of Cost of Budget</td>
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<tr>
<td>714 Commitment Fee</td>
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<tr>
<td>715 Compensation Fee</td>
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<td><strong>Total Reserve</strong></td>
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<tr>
<td>600 Leases Up</td>
<td>$104,000</td>
<td>17.0% of Development Budget</td>
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<tr>
<td>601 Operating</td>
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<tr>
<td>602 Mortgages</td>
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<td>603 Other</td>
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<tr>
<td>604 Additional Contingency</td>
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<tr>
<td><strong>Total Reserve</strong></td>
<td>$641,090</td>
<td>100.0% of Development Budget</td>
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<tr>
<td><strong>Total Development Fees</strong></td>
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<td>100.0% of Development Budget</td>
</tr>
<tr>
<td>1000 Developer Profit &amp; Overhead</td>
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<tr>
<td>1001 Developer Profit &amp; Overhead (Acquisitions Basis)</td>
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<td><strong>TOTAL BUDGET</strong></td>
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<td>$18,483,349.00</td>
</tr>
</tbody>
</table>

**NOTES**

- % Hard
- 2.56% % loan per month
- 0.60% % loan per month
- 0.0% % loan per month
- 20.0% % loan per month
- 6.0% Months of EGI
- 2.5 Operating Reserve Months of DS + Op Exp
- 4.0 Operating Reserve Months

**$16,105,210 Over(Under) $16,105,210**
Exhibit G

Management Agreement
MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made as of January 9, 2007, by and between ROCKWALL SENIOR COMMUNITY, L.P., a Texas limited partnership ("Owner"), and Churchill Residential Management, L.P., a Texas limited partnership ("Manager").

A. Owner is the owner of a 141-unit multifamily apartment complex intended for rental to persons of low and moderate income, known as Evergreen at Rockwall Senior Apartments, and located in Rockwall, Texas (the "Apartment Complex").

B. LifeNet-Rockwall, GP, L.L.C., a Texas limited liability company, as the general partner (the "General Partner"), Churchill Residential, Inc., as special limited partner ("SLP"), and SunAmerica Housing Fund 1472, A Nevada Limited Partnership ("SHF"), as the limited partner, are the sole partners of Owner.

C. Owner is governed by its Amended and Restated Agreement of Limited Partnership dated as of January 9, 2007 (such agreement and any amendments or modifications made hereafter is referred to herein collectively as the "Partnership Agreement").

D. Manager is an Affiliate of SLP.

E. Manager is engaged in the business of property management.

F. Owner desires to engage Manager as property manager under the terms set forth in this Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Owner and Manager mutually agree as follows:

1. DEFINITIONS.

"Affiliate" means any person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with a designated Person.

"Agency" means the Texas Department of Housing and Community Affairs, in its capacity as the designated agency of the State in which the Apartment Complex is located to allocate Tax Credits, acting through any authorized representative.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Excluded Revenues" means any revenues from condemnation or casualty proceeds, any cash advances from Owner or any partner of Owner, loss of rental or other type of business interruption insurance; refunds or rebates from suppliers or vendors, revenue from the sale of any personal or real property of Owner, deposits (until forfeited), or from any source other than the customary operations of the Apartment Complex.
"Extended Use Agreement" means the extended low-income housing commitment executed or to be executed by the Owner and properly recorded in the appropriate land records for the jurisdiction in which the Apartment Complex is located, setting forth certain terms and conditions under which the Apartment Complex is to be operated and which meets the requirements of Section 42(h)(6)(B) of the Code.

"Gross Operating Revenues" means the actual monthly cash collections from the customary operations of the Apartment Complex consisting of rental (for apartment units, parking garages (if any) or other facilities), vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, late charges, cleaning fees, pet fees and other operating receipts, excluding applicable sales tax and refundable deposits; Gross Operating Revenues shall not include Excluded Revenues.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Project Lenders" shall mean any Person in its capacity as a holder of a Project Loan.

"Project Loans" shall mean secured loans made to the Owner.

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions heretofore or hereafter entered into between the Owner and the Project Lender or any applicable government agency setting forth certain terms and conditions under which the Apartment Complex is to be operated, including without limitation the extended use agreement required in connection with the Tax Credits under Section 42 of the Code.

"Regulatory Requirements" has the meaning set forth in Section 5(f)(vii) of this Agreement.

"Reserve For Replacements" means the reserve for replacements maintained pursuant to Section 6.14 of the Partnership Agreement.

"Tax Credit" means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

"Tax Credit Tests" means the following: (a) that at least forty percent (40%) of the units in the Apartment Complex must be occupied by households with income at or below sixty percent (60%) of the area median gross income as required by Section 42(g)(1) of the Code, (b) that gross rents paid by tenants of low-income units in the Apartment Complex must not exceed thirty percent (30%) of the qualifying income standard applicable to the Apartment Complex as required by Section 42(g)(2)(A) of the Code and (c) that at least eighty percent (80%) the gross income from the Apartment Complex in every year must be rental income from or with respect to dwelling units in the Apartment Complex used to provide living accommodations not on a transient basis.
2. **APPOINTMENT OF MANAGER.** On and subject to the terms and conditions of this Agreement, Owner hereby retains Manager commencing on the date on which Owner provides notice to Manager (the "Commencement Date") to manage and lease the Apartment Complex.

3. **TERM.** This Agreement shall commence on the Commencement Date and, subject to Section 10 of this Agreement, shall expire on the date twelve months from the Commencement Date (the "Original Term"). The term will be automatically renewed at the end of the Original Term or any later Renewal Term (each one-year term after the Original Term being referred to herein as a Renewal Term) for an additional one year, unless terminated in accordance with the provisions of such Section 10. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term.

4. **MANAGEMENT FEES.** In consideration of the performance by Manager of its duties and obligations hereunder, Owner shall pay to Manager a management fee ("Management Fee") equal to 5% of Gross Operating Revenues, which fee is calculated with respect to the preceding calendar month and payable on the tenth day of each calendar month, beginning with the month after the month during which the Commencement Date occurs; provided, however, the Management Fee shall not be less than $3,000 for the Original Term. Manager shall submit to Owner an invoice detailing the calculation of the Management Fee each month, no later than the fifth day of the next succeeding month. If the first or last month of this Agreement is not a complete calendar month, the Management Fee for such month shall be calculated on the basis of Gross Operating Revenues for the entire month, and the amount payable for such month shall then be prorated based on the number of days during such month that this Agreement was in effect. As an Affiliate of Owner, Manager agrees to accrue the Management Fee to the extent necessary at any time to prevent a default under the Project Loans and such accrued portion shall be paid without interest when such payment would not cause a default to occur under the Project Loans.

5. **AUTHORITY AND RESPONSIBILITIES OF MANAGER.**

   (a) **Independent Contractor.** In the performance of its duties hereunder, the Manager shall be and act as an independent contractor, with the sole duty to supervise, manage, operate, control and direct performance of the details of its duties incident to the specified duties and obligations hereunder, subject to the rights of the Owner, as described herein. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or employment relationship, or otherwise to create any liability for one party with respect to indebtedness, liabilities or obligations of the other party except as otherwise may be expressly set forth herein.

   (b) **Standard of Care.** Manager shall perform its duties and obligations in a professional, competent, businesslike and efficient manner as would a first class property manager of apartment projects similar to the Apartment Complex and apartment projects generating Tax Credits.

   (c) **Depository Accounts.** All rents and other revenue from the Apartment Complex shall be deposited by Manager into one or more deposit accounts designated by Owner.
and insured by the Federal Deposit Insurance Corporation (each a "Depository Account"). The Depository Account shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Depository Account with any other funds. Checks may be drawn upon such Depository Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager. Manager shall not use a "standardized clearing account" for any Depository Account. The Depository Account shall be established in the name of the Manager to be held in trust for the Owner.

(d) Security Deposits. Manager shall deposit and maintain all security deposits in a separate account designated by Owner and be insured by the Federal Deposit Insurance Corporation (each a "Security Account"). The Security Account shall be distinct from the Depository Account and shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Security Account with any other funds. Checks may be drawn upon the Security Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager. Manager shall not use a "standardized clearing account" for the Security Account. The Security Account shall be established in the name of the Manager to be held in trust for the Owner.

(e) Budgets. Manager shall prepare and present to Owner in a format approved by Owner, prior to the Commencement Date and annually thereafter, by November 15, annual operating budgets for the following calendar year for the Apartment Complex; which once approved by Owner, SHF and Manager shall be the budget ("Budget"). Except in cases of emergency, without the written approval of Owner, Manager shall not incur any expenses that are not included within the approved budget for the current year. Once a Budget is approved by Owner, any variations or changes must be approved by Owner in writing.

(f) Leasing, Collection of Rents, Etc.

(i) Manager shall use its best efforts consistent with the standard of care set forth herein to lease apartment units in accordance with the Regulatory Requirements, retain residents and maximize Gross Operating Revenues.

(ii) Manager shall sign apartment leases in its capacity as property manager hereunder. Manager shall only sign leases in the form of lease approved by Owner. Manager shall not enter into any lease which has a term greater than 12 months.

(iii) Manager shall collect rents, security deposits and other charges payable by tenants in accordance with the tenant leases, and shall collect Gross Operating Revenues due Owner with respect to the Apartment Complex from all other sources, and shall deposit all such monies received immediately upon receipt as provided in Section 5(c) and Section 5(d) of this Agreement. If Manager receives Excluded Revenues, it shall immediately deposit them in an account designated by Owner.

(iv) Manager shall pay all debt service, monthly bills and insurance premiums on the Apartment Complex as set forth in the Budget from the Depository Account. Manager shall also make deposits of monies from the Depository Account into the account
designated by Owner as the Reserve for Replacements account which are required under the Project Loans and the Partnership Agreement.

(v) Manager shall, at Owner's expense, terminate leases, evict tenants, institute and settle suits for delinquent payments as Manager deems advisable, subject to other provisions of this Agreement. In connection therewith, Manager may, at Owner's expense from available cash flow, as limited by the provisions of Section 5(m) of this Agreement, consult and retain legal counsel.

(vi) Manager shall, on the twenty-fifth (25th) day of each month, pay Owner an amount equal to Gross Operating Revenues, less amounts paid for approved operating expenses of the Apartment Complex in accordance with this Agreement.

(vii) Manager acknowledges the Owner's objective of obtaining Tax Credits for one hundred percent (100%) of the units in the Apartment Complex. Manager represents and warrants that it is familiar with Section 42 of the Code and the requirements thereto including without limitation (A) the Tax Credit Tests, (B) the Extended Use Agreement, (C) the Regulatory Agreement, if any, (D) the requirements in Section 42(g)(2)(D) of the Code that the next available unit must be rented to a low-income tenant if income rises above 140 percent of income limit; (E) rules and regulations regarding qualification for Tax Credits where units are vacant; and (F) rules and regulations by the Agency (collectively referred to herein as the "Regulatory Requirements").

(viii) Manager agrees to operate the Apartment Complex in a manner which meets the Regulatory Requirements, including but not limited to the following:

(A) To cause the apartment units in the Apartment Complex to be leased to suitable tenants who comply with all Regulatory Requirements;

(B) To obtain from all tenants in the Apartment Complex the right to receive annual reports from such tenants concerning their incomes and family sizes and any other information required by the Regulatory Requirements;

(C) To execute a lease for any rental unit in respect of which Tax Credits have been allocated to the Owner only upon first obtaining certification from the tenant, and such other information as may be required by the Regulatory Requirements to determine income criteria for low-income housing, that the tenant satisfies the income criteria for low-income housing;

(D) To prepare for Owner's signature, and then to file in a proper manner, the annual certifications required by the provisions of law referred to in Section 42(g)(4) of the Code; and

(E) To cause the Apartment Complex to be operated in a manner that complies with all other statutes, regulations and agreements which must be complied with in order for Owner to obtain the Tax Credits with respect to at least one hundred percent (100%) of units in the Apartment Complex.
(ix) Manager agrees that it will comply with the requirements of Section 42 of the Code relating to residential building operations.

(x) Manager acknowledges receipt of the Tax Credit Compliance Manual (3rd Edition) proposed by SunAmerica Affordable Housing Partners, Inc. ("Manual") and shall comply with the terms and conditions set forth in the Manual.

(xi) The responsibilities and services included in this Section 5 as part of Manager's duties shall not entitle Manager to any additional compensation over and above the Management Fee. Manager shall not be entitled to any compensation based upon any Apartment Complex financing or sale of the Apartment Complex, unless Manager is engaged by Owner pursuant to a separate agreement approved in writing by SHF to provide brokerage services in connection therewith, in which case Manager's right to compensation for Apartment Complex financing or sale shall be based upon such separate agreement.

(g) Repair, Maintenance and Service.

(i) Manager shall maintain the Apartment Complex in good repair and condition, consistent with the standard of care set forth herein.

(ii) Subject to the other terms and conditions of this Agreement, Manager in its capacity hereunder shall execute contracts for water, electricity, gas (if provided), telephone, television, vermin or pest extermination and any other services which are necessary to properly maintain the Apartment Complex. Manager shall, in Owner's name and at Owner's expense, out of available cash flow, hire and discharge independent contractors for the repair and maintenance of the Apartment Complex. Other than tenant leases, which Manager is authorized to execute hereunder, Manager shall not, without the prior written consent of the Owner, enter into any contract in name of Owner which may not be terminated without payment of penalty or premium with thirty (30) days notice. Manager shall act at arms length with all contractors and shall employ no Affiliates of Manager or the General Partner without the prior written consent of the Owner and SHF.

(h) Manager's Employees. Manager shall have in its employ at all times a sufficient number of employees to enable it to professionally manage the Apartment Complex in accordance with the terms of this Agreement. Manager shall prepare, execute and file all forms, reports and returns required by applicable laws. All payroll costs for on-site employees shall be at Owner's expense from available cash flow. If an employee (other than a supervisory employee) is assigned to the Apartment Complex and one or more other properties managed by Manager, a portion of the payroll costs of such employee will be reimbursable by Owner, based on the respective amounts of time (as indicated on a time card kept by such employee) that the employee devotes to the Apartment Complex and such other properties. However, Owner shall not pay or reimburse Manager for all or any part of Manager's general, administrative and overhead expenses, including salaries and payroll expenses of personnel of Manager not working full or part-time on-site. All matters pertaining to the employment and supervision of all of Manager’s employees shall be the sole responsibility of the Manager, which in all respects shall be the employer of such employees, and Owner shall have no liability with respect to such matters.
(i) **Manager's Insurance.** With respect to its operations of the Apartment Complex, Manager shall carry, (i) worker's compensation insurance for compensation to any person engaged in the performance of any work undertaken under this Agreement, including employer's liability and umbrella coverage with combined limits of not less than $1,000,000 each employee and each occupational disease; such policy must be in compliance with the statutory requirements of the state in which the Apartment Complex is located, (ii) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than $5,000,000 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Owner shall reasonably require, (iii) a crime insurance policy including insuring agreement for employee dishonesty, forgery and alteration, theft, disappearance & destruction, and robbery and safe burglary, with limits of liability for each insuring agreement of not less than $100,000 and a maximum deductible of $1,000 per claim, and (iv) if the Manager provides services similar to those set forth in this Agreement to third-party clients with which the Manager has no other affiliation, a professional liability insurance policy covering all the activities of Manager; such policy shall be written on a "claims made" basis, with limits of at least $1,000,000 in the aggregate and with a maximum deductible of $10,000. Any loss within the deductibles of these policies shall be borne by Manager. All policies of insurance shall be maintained in effect during the period of the Agreement. Each policy shall be from an insurance company rated "A" or higher by the A.M. Best Insurance Guide, with a financial size category rating of 12 or higher. Each policy shall be endorsed to include the provision giving the Owner at least thirty (30) days prior written notice of cancellation, non-renewal or material change of the policy. The Commercial General Liability insurance policy shall be endorsed to include as additional insured the Owner, SHF, AIG Retirement Services, Inc. ("RSI"), and SunAmerica Affordable Housing Partners, Inc. Manager shall furnish Owner with copies of all such endorsements, and with Certificates of Insurance evidencing such policies and the renewals thereof. Owner shall further have the right to receive full copies of the insurance policies for its review. Other than the cost for worker's compensation insurance, the Manager shall pay without any right of reimbursement all costs of maintaining the insurance required under this Section.

(j) **Owner's Insurance.** Owner shall carry, at its expense, such insurance as it deems appropriate. The commercial general liability and excess/umbrella liability policies, if any, for Owner shall be endorsed to include Manager as an additional insured.

(k) **Waiver of Subrogation.** Manager hereby waives all rights of recovery against Owner, each person who holds a direct or indirect ownership interest in Owner, and the respective partners, officers, directors, trustees, agents, employees and affiliates of Owner and such owners for any Claim (as hereinafter defined) covered under any insurance policy that is maintained by Owner or Manager (whether or not required by this Agreement). Manager shall upon obtaining the policies of insurance required by this Section, notify the insurance carrier that the foregoing waiver is contained in this Agreement and shall require such carrier to include an appropriate waiver of subrogation provision in the insurance policies.

(l) **Maintenance of Records.** Manager agrees to keep and maintain at all times all necessary books and records relating to the leasing, management and operation of the Apartment Complex, including all books and records relating to the reporting requirements under Code Section 42, and to prepare and render to Owner monthly itemized accounts of receipts and
disbursements incurred in connection with its leasing operation and management by the twentieth (20th) day of the following month. Unless Owner, in writing, expressly directs, Manager shall not be required to file any reports other than such monthly statements and annual reports required under Section 5(f)(viii)(D). An annual audit report shall be prepared at Owner's expense, out of available cash flow, showing a balance sheet and an income and expense statement, all in reasonable detail and certified by an independent Certified Public Accountant. All books, correspondence and data pertaining to the leasing, management and operation of the Apartment Complex shall, at all times, be safely preserved. Such books, correspondence and data shall be available to Owner at all reasonable times, and shall, upon the termination of this Agreement be delivered to Owner in their entirety and upon request of Owner be delivered to Owner within thirty (30) days of such request. Manager shall maintain files of all original documents relating to reporting requirements under Section 42 of the Code, leases, vendors and all other business of the Apartment Complex in an orderly fashion at the Apartment Complex, which files shall be the property of Owner and shall at all times be open to Owner's inspection.

(m) Operating Expenses. Manager shall use reasonable efforts to minimize operating expenses by obtaining competitive pricing on all services and obtaining at least three bids on expenditures exceeding Ten Thousand and No/100 Dollars ($10,000) (a "major expenditure"). Manager shall use reasonable efforts to comply with the limitations on expenditures set forth in the Budget. Manager shall obtain Owner's prior written consent before incurring on behalf of Owner any single expenditure in excess of Five Thousand Dollars ($5,000) excluding utility bills and other normal and recurring expenses included in the Budget, except in an emergency in which case Manager may incur such expenses as are reasonably necessary to protect life and property. Manager shall notify Owner of any such emergency expenses as soon as practicable after they are incurred but in no event later than three (3) days thereafter. Manager shall not request payment of any invoices, whether to itself or a third party, marked-up above cost, nor shall Manager request payment of any compliance fees, marketing fees, mark-up on employees' salary or travel or fees for personnel off-site.

(n) Legal Proceedings and Compliance with Applicable Laws.

(i) Manager shall promptly notify Owner in writing of the receipt or service of any demand, notice or legal process upon Manager (although Manager is not authorized to accept service of process on behalf of the Owner), or the occurrence of any significant casualty loss, injury or damage on or about the Apartment Complex;

(ii) Manager shall fully comply and cause its employees to fully comply, with all applicable laws in connection with this Agreement and the performance of its obligations hereunder, including all federal, state and local laws, ordinances and regulations relative to the leasing, use, operation, repair and maintenance of the Apartment Complex and the operations of Manager, including without limitation, laws prohibiting discrimination in housing, employment laws (including those related to unfair labor practices), laws regarding tenant security deposits and laws regarding the storage, release and disposal of hazardous materials, and toxic substances, including without limitation, asbestos, petroleum and petroleum products.

(iii) Manager agrees that it shall not, and shall cause its employees to not, cause any hazardous materials or toxic substances, to be stored, released or disposed of on or
in the Apartment Complex except as may be incidental to the operation of any apartment project (e.g., cleaning supplies, fertilizers, paint, pool supplies and chemicals) and then only in complete compliance with all applicable laws and regulations and in conformity with good property management. If (a) there is a violation of applicable laws regarding the storage, release and disposal of such hazardous materials, or toxic substances, or (b) Manager reasonably believes that the storage, release or disposal of any hazardous material, petroleum product, or toxic substances, could cause liability to the Owner, including any releases caused by Tenants, third parties or employees, on the Apartment Complex, Manager shall notify Owner immediately.

(iv) Subject to the Regulatory Requirements, the Manager agrees that the Apartment Complex shall be offered to all prospective tenants on a nondiscriminatory basis without regard to race, color, religion, sex, family status, handicap or national origin in accordance with applicable law.

(o) Computers. All computers, hardware, software, computer upgrades and maintenance in connection therewith for the Apartment Complex shall be at Owner's expense.

6. REPRESENTATIONS AND DUTIES OF MANAGER. The Manager represents, warrants, covenants and agrees that:

(a) it has the authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement;

(b) when executed, this Agreement shall constitute the valid and legally binding obligation of the Manager in accordance with its terms;

(c) the Manager has all necessary licenses, consents and permissions to enter into this Agreement, manage the Apartment Complex, and otherwise comply with and perform Manager's obligations and duties hereunder. Manager shall comply with any conditions or requirements set out in any such licenses, consents and permissions, and shall at all times operate and manage the Apartment Complex in accordance with such conditions and requirements;

(d) during the term of this Agreement, the Manager will be a valid corporation, duly organized under the laws of the State of its formation, and shall have full power and authority to manage the Apartment Complex, and otherwise comply with and perform Manager's obligations and duties under this Agreement;

(e) the Apartment Complex shall be managed in a manner to satisfy all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits;

(f) the Manager shall comply with the requirements under the Partnership Agreement and Project Loans for the Reserve For Replacements. Withdrawals from the Reserve For Replacements shall be subject to the approval of the Owner and, to the extent necessary under the Partnership Agreement, SHF, in their sole discretion.

7. REPRESENTATIONS OF OWNER. The Owner represents and warrants, that:
(a) the Owner has the partnership authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement; and

(b) when executed, this Agreement shall constitute the valid and legally binding obligation of the Owner in accordance with its terms.

8. INDEMNIFICATION.

(a) Indemnification of Owner. The Manager shall indemnify, protect, defend (with legal counsel approved by Owner) and hold harmless Owner and Owner's partners, including SHF, together with the respective officers, directors, agents, employees and affiliates of Owner and the partners of Owner, including, without limitation, RSI (collectively "Indemnitees") from and against any and all claims, demands, actions, liabilities, losses, costs, expenses, damages, penalties, interest, fines, injuries and obligations, including reasonable attorneys' fees, court costs and litigation expenses ("Claims") incurred by any Indemnitee as a result of (i) any act by Manager (or any officer, member, manager, agent, employee or contractor of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act by Manager (or any officer, member, manager, agent, employee or contractor of Manager) constituting negligence, misconduct, fraud or breach of this Agreement, other than as covered by Owner's then existing insurance (for negligence or misconduct only), (iii) Claims made by current or former employees or applicants for employment arising from hiring, supervising or firing same, (iv) any act or omission by Manager, its employees, officers, members, managers, agents or contractors in violation of any applicable law, or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Apartment Complex, including, without limitation, any loss (or deferral) of Tax Credits.

(b) Indemnification of Manager by Owner. Owner shall indemnify, protect, defend and hold harmless Manager from and against any and all Claims incurred by Manager resulting from performance of its obligations under this Agreement, except that this indemnification shall not apply with respect to any Claims resulting from (i) any act by Manager (or any officer, member, manager, agent or employee or contractor of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act constituting negligence, misconduct, fraud or breach of this Agreement, (iii) Claims made by current, former employees or applicants for employment arising from hiring, supervising or firing same, (iv) any act by Manager, its officers, members, managers, employees, agents or contractors in violation of any applicable law or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Apartment Complex, including, without limitation, any loss (or deferral) of Tax Credits. Owner shall control, without recourse, all aspects of Manager's defense against any Claims in matters in which Manager is entitled to indemnification under this Paragraph 8(b). If at any time during the course of such defense Owner determines, in its reasonable judgment, that such Claim results from an event, action or nonaction for which Manager is not entitled to indemnification hereunder, Owner shall automatically be entitled to immediate reimbursement for all losses, costs and expenses incurred on behalf of itself and of Manager incurred to the date of such determination.
(c) **Survival.** The provisions of this Paragraph 8 shall survive the termination of this Agreement.

9. **DEFAULTS.**

(a) **Manager's Event of Default.** Manager shall be deemed to be in default hereunder upon the happening of any of the following ("Manager's Event of Default"): 

(i) The failure by Manager to keep, observe or perform any covenant, agreement, term or provision of this Agreement and the continuation of such failure, in full or in part, for a period of thirty (30) days after written notice thereof by Owner to Manager, provided that if such default cannot be cured within such 30 day period, then provided Manager is diligently pursuing such cure to completion, such reasonable period as necessary to cure such default, not to exceed 90 days in addition to such initial 30 day period.

(ii) The request by Manager of payment of any invoice, whether to itself or a third party, marked-up above cost as prohibited herein;

(iii) The making of a general assignment by Manager for benefit of its creditors, the filing by Manager with any bankruptcy court of competent jurisdiction of a voluntary petition under Title 11 of U.S. Code, as amended from time to time, the filing by Manager of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, Manager being the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended from time to time, or the dissolution or liquidation of Manager; or

(iv) The misapplication, misappropriation or commingling of funds held by Manager for the benefit of Owner, including the payment of fees to Affiliates of the Manager or the loaning of funds to Affiliates.

(b) **Remedies of Owner.** Upon a Manager's Event of Default, Owner shall be entitled (i) to terminate in writing this Agreement effective as of the date designated by Owner (which may be the date upon which notice is given), and/or (ii) to pursue any remedy at law or in equity, including without limitation, an action for compensatory damages or specific performance. All of Owner's rights and remedies shall be cumulative.

(c) **Owner's Event of Default.** Owner shall be deemed to be in default hereunder (an "Owner's Event of Default") if Owner shall fail to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of thirty (30) days after written notice thereof by Manager to Owner, or if such default cannot be cured within such thirty (30) day period, then such additional period as shall be reasonable, provided Owner commences to cure such default within such thirty (30) day period and proceeds diligently to prosecute such cure to completion.

(d) **Remedies of Manager.** Upon an Owner's Event of Default, Manager shall be entitled (i) to terminate in writing this Agreement effective as of the date designated by Manager which is at least 10 days after receipt of such notice of termination by Owner provided
the Event of Default has not then been cured or such cure commenced, and/or (ii) to pursue an action for the actual compensatory damages incurred by Manager (which action must take into consideration Owner's termination right under Section 10(d) of this Agreement). Manager expressly agrees that termination and compensatory monetary damages are its sole rights and remedies with respect to an Owner's Event of Default and Manager expressly waives and releases the right to seek equitable relief, including specific performance or injunctive relief, and to sue for any consequential or punitive damages.

10. TERMINATION RIGHTS.

(a) Expiration of Term. If not sooner terminated, this Agreement shall terminate on the expiration of its term set forth in Section 3 of this Agreement.

(b) Termination By Owner Upon Manager's Event of Default. Upon a Manager's Event of Default, Owner may terminate this Agreement as specified in Section 9(b) of this Agreement.

(c) Termination By Manager Upon Owner's Event of Default. Upon an Owner's Event of Default, Manager may terminate this Agreement as specified in Section 9(d) of this Agreement.

(d) Termination By Owner Without Cause. Even in the absence of any other express right to terminate this Agreement, Owner may terminate this Agreement upon written notice at any time upon thirty (30) days' prior notice from the Owner.

(e) Termination Upon Sale of the Apartment Complex. If the Apartment Complex is sold, conveyed or transferred during the term hereof, this Agreement shall terminate.

(f) Termination Upon Removal. If the general partner of Owner is removed as general partner pursuant to the Partnership Agreement, this Agreement shall terminate upon notice of termination from Owner on the termination date specified in such notice from Owner.

(g) Effect of Termination Upon Payment of Fees. Upon the termination of this Agreement for any reason, Manager shall be entitled to its earned, but unpaid fees, for the period prior to the termination but Manager shall not be entitled to any other compensation, damages or fees, including any fees relating to the period after the date of termination of this Agreement; provided that in the case of termination by Manager pursuant to Section 9(d) of this Agreement, Manager shall be entitled to pursue an action for actual, compensatory damages as specified in such Section 9(d).

(h) Delivery of Apartment Complex Upon Termination. Immediately after termination of this Agreement for any reason, Manager shall deliver to or as directed by Owner all funds, checks, keys, lease files, books and records and other Confidential Information (as defined below) to Owner. Immediately after termination, Manager shall leave the Apartment Complex and cause its employees to leave the Apartment Complex without causing any damage thereto. Under no circumstances shall any default by Owner give rise to any lien on the Apartment Complex or give rise to a right of Manager to stay on the Apartment Complex after the date of termination. Termination of this Agreement under any of the provisions of this
Agreement shall not release either party as against the other from liability for failure to perform any of its duties or obligations as expressed herein and required to be performed prior to such termination. Manager agrees to cooperate with Owner in the obligations set forth in this Section 10(h).

11. CONFIDENTIALITY.

(a) Preservation of Confidentiality. In connection with the performance of obligations hereunder, Manager acknowledges that it will have access to "Confidential Information" (as defined below). Manager shall treat such Confidential Information as proprietary to Owner and private, and shall preserve the confidentiality thereof and not disclose, or cause or permit its employees, agents or contractors to disclose, such Confidential Information. Notwithstanding the foregoing, Manager shall have the right to disclose Confidential Information if and only to the extent it is required by court order to disclose any Confidential Information. "Confidential Information" shall mean the books, records, business practices, methods of operations, computer software, financial models, financial information, policies and procedures, and all other information relating to Owner and the Apartment Complex (including any such information relating to the Apartment Complex generated by the Manager), which is not available to the public. If Manager or anyone to whom Manager transmits Confidential Information pursuant to this Agreement becomes legally compelled to disclose any of the Confidential Information, Manager shall provide Owner with prompt notice thereof so that Owner may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained by Owner or Owner waives compliance with the provisions of this Agreement, Manager shall furnish or cause to be furnished only that portion of the Confidential Information which Manager is required by applicable law to furnish, and will exercise commercially reasonable efforts to obtain reliable assurances that confidential treatment is accorded the Confidential Information so furnished.

(b) Property Right in Confidential Information. All Confidential Information shall remain the property of Owner and Manager shall have no ownership interest therein.

12. SURVIVAL OF AGREEMENT. All indemnity obligations set forth herein, all obligations to pay earned and accrued fees and expenses, all confidentiality obligations, and all obligations to perform and duties accrued prior to the date of termination shall survive the termination of this Agreement.

13. ENFORCEMENT OF AGREEMENT. This Agreement, its interpretation, performance and enforcement, and the rights and remedies of the parties hereto, shall be governed and construed by and in accordance with the law of the State in which the Apartment Complex is located. In any dispute pertaining to, or litigation or arbitration to enforce or interpret the provisions of, this Agreement, the prevailing party shall be entitled to recover its attorneys fees and costs, including those incurred in connection with all appellate levels, bankruptcy, mediation or otherwise to maintain such action, from the losing party.

14. ASSIGNMENT. Manager shall not directly or indirectly (except with the consent of Owner and SHF, and of any lender or governmental entity, if required) sell, assign or
otherwise transfer by operation of law or otherwise all or any part of the legal or beneficial interests in the Manager or all or any part of its rights or obligations under this Agreement.

15. NOTICES. All notices, demands, requests or other communications ("Notices") to be sent by one party to the other hereunder or required by law shall be in writing, shall be delivered personally, sent by overnight mail, sent by United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sent by facsimile transmission, addressed as follows:

If to Owner: 10405 E. Northwest Highway, Suite 100
Dallas, Texas 75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to: Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

And a copy to: Coats, Rose, Yale, Ryman & Lee
3 Greenway Plaza, Suite 2000
Houston, Texas 77046
Attention: Barry Palmer, Esq.
Telephone: (713) 653-7395
Facsimile No.: (713) 651-0220

And a copy to: AIG Retirement Services, Inc.
1 SunAmerica Center, Century City
Los Angeles, California 90067-6022
Attention: Michael L. Fowler, Vice President
Facsimile No.: (310) 772-6179

If to Manager: Churchill Residential Management, L.P.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

All Notices shall be effective upon such personal delivery, upon confirmation of receipt if sent by overnight mail, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the Notice reflecting the date of delivery or rejection of the same by the addressee thereof, or if sent by facsimile transmission, upon confirmation of receipt. By giving
to the other parties hereto at least 15 days' written notice in accordance with the provisions hereof, a party may change its address for notice purposes.

16. MISCELLANEOUS.

(a) Subordination. All claims of Manager shall be inferior and subordinate to the claims of SHF against Owner under or in connection with the Partnership Agreement.

(b) Third Party Beneficiary. SHF is a third party beneficiary of the terms of this Agreement.

(c) Limitation on Liability of SHF. The Manager agrees that SHF shall not have any liability for the obligations of the Owner to Manager under or in connection with this Agreement or otherwise.

(d) Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

(e) Amendments. This Agreement cannot be amended or modified except by another agreement in writing, signed by the parties to this Agreement and consent to by SHF in writing.

(f) Entire Agreement. This Agreement embodies the entire understanding of the parties, and there are no further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof.

(g) Time is of Essence. Time is of the essence hereof.

(h) Construction of Document. This Agreement has been negotiated at arms' length and has been reviewed by counsel for the parties. No provision of this Agreement shall be construed against any party based upon the identity of the drafter.

(i) Severability. If any provision of this Agreement or the application thereof, is held to be invalid or unenforceable, such defect shall not affect other provisions or applications of this Agreement that can be given effect without the invalid or unenforceable provisions or applications, and to this end, the provisions and applications of this Agreement shall be severable.

(j) Waiver of Jury Trial. To the fullest extent permitted by law, each party to this agreement severally, knowingly, irrevocably and unconditionally waives any and all rights to trial by jury in any action, suit or counterclaim brought by any party to this Agreement arising in connection with, out of or otherwise relating to this Agreement.

(k) Waivers. No waiver by a party hereto of any breach of this Agreement shall be effective unless in a writing executed by such party. No waiver shall operate or be construed to be a waiver of any subsequent breach.
EXECUTED as of the date set forth above.

OWNER:

ROCKWALL SENIOR COMMUNITY, L.P.

By: LifeNet-Rockwall, GP, L.L.C.,
General Partner

By: LifeNet Community Behavioral
Healthcare, a Texas non-profit
corporation, its sole Member

By: _______________________
    Liam Mulvaney, President and
    Chief Executive Officer

MANAGER:

CHURCHILL RESIDENTIAL MANAGEMENT,
L.P.

By: Churchill Residential, Inc.,
General Partner

By: _______________________
    Bradley E. Forslund, President
Exhibit H

Insurance Requirements

Immediately upon purchase of the Land, and throughout the term of this Agreement, General Partner shall obtain, and maintain in full force and effect, the following policies of insurance:

♦ Commercial General Liability insurance, insuring for legal liability of the Partnership, and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the ownership or management of the Land and including the costs to defend such actions brought against the Partnership. The policy shall include endorsements adding SHF, RSI and SAHP as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds. Limits of the policy shall be at least $1 million per occurrence and $2 million in the aggregate.

♦ Automobile Liability insurance, insuring for legal liability of the Partnership, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including vehicles not owned by the Partnership, and including the costs to defend such actions brought against the Partnership. The policy shall include endorsements adding SHF, RSI and SAHP as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds. Limits of the policy shall be at least $1 million combined single limits per accident.

♦ Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Partnership's full liability for statutory compensation to any person or persons who perform work for the Partnership or perform duties on the site of the Apartment Complex, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least $500,000 per occurrence.

♦ Umbrella/Excess Liability insurance, with the Commercial General Liability, Automobile Liability and Employers Liability policies scheduled as underlying policies. Limits of the policy shall be at least $4 million per occurrence and in the annual aggregate.

♦ Other forms or types of insurance which SHF may now or hereafter reasonably require.

Prior to the commencement of any construction of the Apartment Complex, the General Partner shall obtain (or cause to be obtained by the Contractor) and keep in force until initial occupancy of any portion of the Apartment Complex:

♦ Builder's Risk insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by SHF) to the real property comprising or intended to comprise the Apartment Complex construction, and personal property of the Partnership used to maintain or service the Apartment Complex.
construction, whether located at the site or elsewhere, including while in-transit Coverage and limits shall be extended to include the loss of anticipated rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation and for any additional architectural or engineering fees incurred as a result of an insured loss; loss payment shall be to the Partnership. Limits of policy will be at least the estimated replacement value of the completed Apartment Complex. The policy shall have a deductible of no greater than $10,000 per occurrence. The policy shall carry no coinsurance provisions. The policy shall include an endorsement naming SHF as Loss Payee, as its interests may appear, and as an additional insured, and shall allow SHF to be associated in the adjustment of any claim.

♦ Evidence from the Contractor of Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Apartment Complex construction, including the employees of sub-contractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability Limits shall be at least $1 million per occurrence.

Prior to any occupancy of the Apartment Complex, the General Partner shall obtain, and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

♦ Property Damage insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by SHF) to the real property comprising the Apartment Complex, personal property of the Partnership used to maintain or service the Apartment Complex, and new construction, additions, alterations and repairs to structures. Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation; loss payment shall be to the Partnership. Limits of policy will be at least the replacement value of the Apartment Complex (excluding the value of the Land, site utilities, foundations and architectural and engineering expenses). The policy shall have a deductible of no greater than $25,000 per occurrence. The policy shall carry no coinsurance provisions. Coverage and limits shall be extended to include the actual loss of rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Coverage shall be further extended to include debris removal, outdoor trees, shrubs, plants and lawns, and Ordinance or Law coverage for the increased costs of construction caused by the enforcement of building, zoning or land use law. The policy shall include an endorsement naming SHF as Loss Payee, as its interests may appear, and as an additional insured, and shall allow SHF to be associated in the adjustment of any claim.

♦ Evidence of Worker's Compensation insurance from any contractor performing work for the Partnership, insuring for occupational disease or injury and employer's liability, and
covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Apartment Complex, including the employees of subcontractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least $1 million per occurrence.

All such policies shall be underwritten by companies licensed to write such insurance in the state in which the Apartment Complex is located, and shall be rated in the latest A.M. Best's Insurance Rating Guide with a rating of at least A-, and be in a financial category of at least X. The General Partner shall furnish to SHF a complete copy of each such policy of insurance. If the policy is not available prior to occupancy, then certificates of insurance detailing the policy terms and conditions as noted above shall be provided, but the policies must then be provided within sixty days. All such policies shall include endorsements requiring at least 30 days prior written notice to SHF of any cancellation, termination or reduction of coverage therein. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to SHF of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate, as noted above.

If the General Partner fails to cause the Partnership to effect, maintain or renew insurance that satisfies the requirements of this Exhibit, or fails to cause the Partnership to pay the premiums thereof or to deliver to SHF evidence of such insurance, then, at SHF's option but without the obligation to do so, SHF may take such action as it deems necessary or appropriate to address the General Partner's failure, including paying insurance premiums for the benefit of the Partnership or placing additional insurance coverage for the benefit of the Partnership ("Forced Placed Coverage"). The General Partner acknowledges that Forced Placed Coverage may include coverage that duplicates some previously existing insurance coverage of the Partnership.

All payments by SHF under this Exhibit, including payments of insurance premiums on behalf of the Partnership related to insurance policies obtained by the General Partner or to Forced Placed Coverage, shall be treated as LP Loans from SHF. Such payments shall not limit SHF's remedies against the General Partner under this Agreement. Within three (3) business days of Notice from SHF that it has made an LP Loan for the purposes specified in this Exhibit, the General Partners shall repay such LP Loan from the General Partner's funds.

SHF shall not be responsible for obtaining or maintaining any insurance required under this Exhibit and shall not, by reason of accepting, rejecting, approving or obtaining any such insurance, incur any liability for the existence, nonexistence of, or insufficient coverage of insurance.

The General Partner hereby releases and relieves SHF, SLP, RSI and SAHP for any and all liability, and waives its entire right of recovery against them, with respect to any loss or damage of property or for property damage, bodily injury or personal injury to third-parties arising out of or incident to any loss or peril insured against under any of the foregoing policies, and any other perils for which the General Partner has arranged.
Exhibit I

Allocation Provisions, Capital Accounts

1. Allocation of Profits, Losses and Credits from Operations.

(a) Subject to the special allocations contained in this Section 1, all profits, losses and credits, except those items in Section 5 of this Exhibit below, shall be allocated to the Partners in accordance with their Percentage Interests.

(b) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Partner, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 9.2 of this Partnership Agreement distributed to, all Partners which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

(c) If there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner. All deductions for interest accrued on the Bridge Loan by the Partnership shall be allocated solely to SHF.

(d) If the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of the Partnership Agreement, subject, however, to the Consent of SHF.
(g) The payment by the General Partner of Excess Development Costs (excluding only payments used to fund Operating Deficits) shall not be treated as an item of income or gain to the Partnership. The payment by the Developer of costs under the Development Agreement shall not be treated as an item of income or gain to the Partnership. If the General Partner funds any Operating Deficit Loans pursuant to Section 6.9 of the Partnership Agreement, any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to the General Partner, and in any year, if there is a repayment of all or part of such funds, the General Partner shall be allocated in such year an amount of gross income equal to the amount of such repayment.

(h) If a Partner makes any Partner Loan pursuant to Section 5.9 of the Partnership Agreement, any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to such Partner, and in any year, if there is a repayment of all or part of such funds, such Partner shall be allocated in such year an amount of gross income equal to the amount of such repayment.

(i) Any Partnership depreciation or other cost recovery deductions not otherwise allocated pursuant to Section 6(e) of this Exhibit shall be allocated among the Partners in accordance with their Percentage Interests.

(j) Notwithstanding any other provision of the Partnership Agreement, before any other allocation of gross income and gain is made under the Partnership Agreement, in the event that any unanticipated gross income arises from a subsequent recharacterization of a tax reporting position of the Partnership, it is the intent of the Partners that all such gross income shall be allocated to the General Partner.

(k) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(l) One hundred percent (100%) of the item of expense attributable to Partnership deductions for Excess Interest payments paid through a BL Advance or a Capital Contribution by SHF (or if such expenses are capitalized, depreciation, amortization or other charges in respect thereof) shall be allocated to SHF and 100% of the item of expense attributable to Partnership deductions for the fee paid to SAHP pursuant to Section 5.2(b) shall be allocated to SHF.

(m) Notwithstanding anything to the contrary contained herein, gross income of the Partnership in the amount distributed to each of the General Partner and SLP pursuant to Section 9.1(a)(ii)(E) shall be allocated to the General Partner and SLP, respectively, for the Fiscal Year to which the Net Cash Flow used to make such payment relates.
(n) To the extent costs of off-site improvements are included as part of depreciable basis of the Apartment Complex and such costs are paid with funds provided by the seller of the Land to the Partnership and such payment results in income to the Partnership, gross income in the amount of such payment shall be allocated to the General Partner.

2. Determination of Profits, Losses and Credits. Profits, losses and credits for all purposes of the Partnership Agreement shall be determined in accordance with the accrual accounting method, except that any adjustments made pursuant to Section 754 of the Code shall be taken into account under Section 1(k) of this Exhibit. Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of such profits or losses, or applicable to the period during which such profits and losses were realized, shall be considered allocated to each Partner in the same proportion as profits and losses are allocated to such Partner.

3. Allocation of Gains and Losses from Sale. Subject to the special allocations contained in Section 1 of this Exhibit, all gains and losses recognized by the Partnership upon the sale, exchange or other disposition of all or substantially all of the property owned by the Partnership, except for those items in Sections 5 and 6 of this Exhibit, shall be allocated in the following manner:

(a) Gains shall be allocated (i) first, to the Partners with negative Adjusted Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Adjusted Capital Accounts in the Partnership; provided that no gain shall be allocated under this Section 3(a) to a Partner once such Partner's Adjusted Capital Account balance is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Partners in the amounts and to the extent necessary to increase the Partners' respective Adjusted Capital Accounts so that the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances under Section 9.3(e) of the Partnership Agreement will equal the amounts that would have been received if the proceeds were instead distributed under Section 9.2(e) of the Partnership Agreement.

(b) Losses shall be allocated (i) first, to the Partners in the amounts and to the extent necessary so that the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances under Section 9.3(e) of the Partnership Agreement will equal the amounts that would have been received if the proceeds were instead distributed under Section 9.2(e) of the Partnership Agreement, and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Partners in accordance with their Percentage Interests.

(c) Any portion of the gains treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to such gains had been previously allocated.

4. Capital Accounts. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its
Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all cash flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any sale or refinancing of the Apartment Complex distributed to such Partner, and such Partner's distributive share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Regulations thereunder. The foregoing provisions and the other provisions of the Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under the Partnership Agreement be determined and maintained throughout the full term of the Partnership Agreement in accordance with the accounting rules of Regulation Section 1.704-1(b)(2)(iv).

If the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 11.1 of the Partnership Agreement to dissolve the Partnership, the Partnership assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up.

If a Partner has more than one interest in the Partnership, such Partner shall have a single capital account that reflects all such interests, regardless of the class of interests owned by such Partner and regardless of the time or manner in which such interests were acquired.

5. Authority of the General Partner to Vary Allocations to Preserve and Protect Partners' Intent.

(a) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with Section 1 of this Exhibit to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in Section 1 of this Exhibit, the General Partner shall have the authority (subject to Section 5(b) of this Exhibit) to allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in such Section 1 to the extent that allocating income, gain, loss, deduction or credit (or item thereof) in the manner provided for in such Section 1 would cause the determinations and allocations of each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) not to be permitted by Section 704(b) of the Code and Regulations promulgated thereunder. Any allocation made pursuant to this Section 5 shall be deemed to be a complete substitute for any allocation otherwise provided for in Section 1 of this Exhibit, and no amendment of the Partnership Agreement or approval of any Partner shall be required.

(b) In making any allocation (the "new allocation") under Section 5(a) of this Exhibit, the General Partner is authorized to act only after having received the Consent of SHF and after having been advised by the Accountants that, under Section 704(b) of the Code and the Regulations thereunder, (i) the new allocation is necessary and (ii) the new allocation is the
minimum modification of the allocations otherwise provided for in Section 1 of this Exhibit necessary in order to assure that, either in the then current year or in any preceding year, each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) is determined and allocated in accordance with such Section 1 to the fullest extent permitted by Section 704(b) of the Code and the Regulations thereunder.

(c) New allocations made by the General Partner under this Section 5 and in reliance upon the advice of the Accountants with the Consent of SHF shall be deemed to be made pursuant to the fiduciary obligation of the General Partner to the Partnership and SHF, and no such allocation shall give rise to any claim or cause of action by SHF.


(a) Notwithstanding any other provision of the Partnership Agreement, no allocation of loss or deduction (or item thereof) shall be made by the Partnership to a Partner if such allocation would cause the sum of the deficit Capital Account balances of the Partner or Partners otherwise receiving such allocation (excluding the portion of such deficit balances that must be restored (or which the Partner is deemed to have to restore) to the Partnership under the Partnership Agreement, if any) to exceed the Partner's share of "Partnership minimum gain" (as defined in Regulation Section 1.704-2(b)(2) and Section 1.704-2(d), and "Partner nonrecourse debt minimum gain" (as defined in Regulation Section 1.704-2(i)(2), both determined at the end of the Partnership taxable year to which the allocation relates.

(b) Notwithstanding any other provision of the Partnership Agreement, if there is a net decrease in Partnership minimum gain or in Partner nonrecourse debt minimum gain during a Partnership taxable year, items of income and gain for such year (and if necessary, for future years) shall be allocated to each Partner in an amount equal to the Partner's share of the net decrease in Partnership minimum gain or Partner nonrecourse debt minimum gain, as applicable.

(c) If any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate (to the extent required by the Regulations under Section 704(b) of the Code) the deficit balance in each such Partner's Capital Account as quickly as possible, provided that an allocation pursuant to this Section 6(c) shall be made if and only to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Exhibit have been tentatively made as if this Section 6(c) were not in this Exhibit.

(d) If any Partner has a deficit Capital Account at the end of any Fiscal Year in excess of the sum of (i) the amount that such Partner must restore to the Partnership upon liquidation, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Regulation Section 1.704-2(g) and Section 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6(d) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum
after all other allocations provided for in this Exhibit have been tentatively made as if this 
Section 6(d) and Section 6(c) of this Exhibit were not in the Partnership Agreement.

(e) "Nonrecourse deductions" (within the meaning of Regulation Section 1.704-2(b)(1)) shall be allocated to the Partners in accordance with their Percentage Interests. "Partner nonrecourse deductions" (within the meaning of Regulation Section 1.704-(2)(c)) shall be allocated to the Partner who bears the economic risk of loss associated with such deductions, in accordance with Regulation Section 1.704-2(i).

7. SHF’s Deficit Restoration Obligation.

(a) Capital Account Upon Liquidation. Until such time as SHF delivers a 
DRO Adjustment Notice, as defined below, to the General Partner, if the Partnership is 
liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), SHF hereby agrees to 
restore the deficit balance in its Capital Account, determined after taking into account all Capital 
Account adjustments for the fiscal year during which such liquidation occurs (the "Liquidating Capital Account Amount"). At anytime after SHF delivers a DRO Adjustment Notice to the 
General Partner, SHF hereby agrees to restore the lesser of (i) the Liquidating Capital Account Amount or (ii) the DRO Cap Amount. The obligation to restore the amount described in this 
Section 7(a) shall be satisfied upon the later of ninety (90) days after the date of such liquidation 
or the end of the fiscal year in which the liquidation occurs.

(b) DRO Adjustment Notice.

(i) Election. At the sole election of SHF, which election shall be 
made by SHF’s delivery of an executed copy of a notice substantially in the form as that notice 
described in Section 7(b)(iii) of this Exhibit (the "DRO Adjustment Notice") to the General 
Partner, SHF can thereby establish a DRO Cap Amount, as defined below, which DRO Cap 
Amount shall remain in effect until such time as SHF delivers a subsequent DRO Adjustment 
Notice to the General Partner establishing a new DRO Cap Amount.

(ii) DRO Cap Amount. At the time that a DRO Adjustment Notice is 
delivered to the General Partner, the "DRO Cap Amount" to apply thereafter shall be the greater 
of (A) the amount reflected in the newly delivered DRO Adjustment Notice (the "DRO Notice 
Amount") or (B) the absolute value of the deficit balance, if any, in SHF’s Capital Account, after 
reduction for the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6), 
determined as of the end of the taxable year preceding the taxable year during which the DRO 
Adjustment Notice is delivered to the General Partner. For the first taxable year of the 
Partnership, the amount described in Section 7(b)(ii)(B) above shall be equal to zero.

(iii) Form of DRO Adjustment Notice. SHF’s DRO Adjustment Notice 
shall be in a form substantially similar as that below:

DRO ADJUSTMENT NOTICE

By the delivery of this notice, dated _____________, to the General Partner of Rockwall 
Senior Community, L.P., a Texas limited partnership, SunAmerica Housing Fund 1472, A
Nevada Limited Partnership, hereby notifies such General Partner that, effective as of the date of this notice, the DRO Notice Amount shall be $______________.

[Signature Block]

(c) **Allocation of Income.** For each of the five (5) fiscal years of the Partnership beginning with the first fiscal year after the end of the Credit Period as defined in Section 42(f) of the Code (the "Allocation Period"), gross income of the Partnership shall be allocated to SHF in equal amounts as required to restore SHF's Capital Account to zero by the end of the Allocation Period after taking into account SHF's share of Partnership minimum gain within the meaning of Regulation Section 1.704-2(b)(2) and SHF's share of partner non-recourse debt minimum gain within the meaning of Regulation Section 1.704-2(i); provided, however, the allocation of gross income to SHF pursuant to this Section 7(c) shall not exceed the amount of the depreciation deductions allocated to SHF in the sixth fiscal year preceding the allocation of gross income made pursuant to this Section 7(c). For example, if $400,000 of depreciation deductions were allocated to SHF for the fiscal year ending December 31, Year 1, then up to $400,000 of gross income may be allocated to SHF for the fiscal year ending December 31, Year 6. Notwithstanding the foregoing, in the last year of the Compliance Period, as defined in Section 42(i)(1) of the Code, gross income shall be allocated to SHF in an amount required to restore SHF's Capital Account to zero after taking into account SHF's share of Partnership minimum gain within the meaning of Regulation Section 1.704-2(b)(2) and SHF's share of partner non-recourse debt minimum gain within the meaning Regulation Section 1.704-2(i).

(d) **Special Allocation of Losses.** SHF may elect, by delivery of written notice to the General Partner, to receive an allocation of a deduction for the full amount of the Partnership's depreciation deduction and to have all remaining losses, other than losses causing an increase in SHF's share of minimum gain, to be allocated to the General Partner for the Fiscal Year in which such election is made and for each Fiscal Year thereafter until SHF terminates the election by delivery of subsequent written notice to the General Partner.

(e) **Binding Effect of the DRO Provisions.** The amounts determined under this Section 7 are binding upon subsequent transferees of SHF's interest in the Partnership.
**Exhibit J**

**Greatest Excess LP Loan Amount and Applicable Percentages**

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<th>Greatest Excess LP Loan Amount</th>
<th>NCF Percentage</th>
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<tr>
<td>Greater than $600,000 to and including $650,000</td>
<td>20</td>
</tr>
<tr>
<td>Greater than $650,000 to and including $700,000</td>
<td>15</td>
</tr>
<tr>
<td>Greater than $700,000 to and including $750,000</td>
<td>10</td>
</tr>
<tr>
<td>Greater than $750,000 to and including $800,000</td>
<td>5</td>
</tr>
<tr>
<td>Greater than $800,000</td>
<td>0.1</td>
</tr>
</tbody>
</table>
Exhibit K

Replacement Reserve

The Reserve For Replacements may be used for the following items with the Consent of SHF:

- Major clubhouse renovation and signage upgrades
- Additions of the newest amenity to stay competitive (e.g., the equivalent of fitness centers, business centers, expanded children’s facilities)
- Roof replacements
- Painting and siding rehab
- HVAC and appliance replacements
- Wood replacement due to dry or wet rot or termites
- Security enhancements as neighborhoods change and properties age (e.g., fencing and controlled access gates or improved exterior lighting)
- The addition of facilities that will improve operations or cut costs such as maintenance garage or trash compactor
- Opportunities for remarketing of utilities (sub-metering water and sewer and possibly gas and electric)
- Replacement of appliances
- Landscape renovation
- Carpet in apartment units, but the maximum amount which may be used for carpets in any year shall be an amount equal to 25% of the aggregate annual amount required to be funded into the Replacement Reserve Account under Section 6.14.

The Reserve For Replacements may not be used for the following items:

- Vinyl Replacement
Exhibit L

Financing Summary

TERM LOAN

Term Lender: SA Affordable Housing, LLC
Priority: First Lien
Use: Construction/Permanent financing
Principal Amount: $4,600,000.
Interest Rate: 6.875%
Term: The maturity date of the Term Loan will be not less than eighteen (18) years from the date of closing of the Term Loan
Amortization: No more than 40 years
Nonrecourse: Yes, except for customary carve-outs

HOME LOAN

Lender: Texas Department of Housing and Community Affairs
Priority: Second Lien
Use: Construction/Permanent financing
Principal Amount: $1,300,000.
Interest Rate: No interest for the first 24 months and 1% thereafter
Term: 32 years
Amortization: 24 months interest only; then 30 years amortization
Nonrecourse: Yes, except for customary carve-outs
Exhibit M

Legal Opinion

(a) The Partnership is a duly formed and validly existing limited partnership under the Act, and the Partnership has full power and authority to own and operate the Apartment Complex and to conduct its business hereunder. SHF has been validly admitted as a Limited Partner of the Partnership entitled to all the benefits of a Limited Partner under this Agreement, and the Interest of SHF in the Partnership is the Interest of a limited partner with no personal liability for the obligations of the Partnership.

(b) The General Partner is duly and validly organized and is validly existing in good standing as a limited liability company under the laws of the State, with full power and authority to enter into and perform its obligations under the Partnership Agreement. The SLP is duly and validly organized and is validly existing in good standing as a corporation under the laws of the State, with full power and authority to enter into and perform its obligations under the Partnership Agreement.

(c) Churchill Communities is duly and validly organized and validly existing as a partnership under the laws of the State, with full power and authority to enter into and perform its obligations under the Development Agreement and the Developer Pledge.

(d) The Guarantor is duly and validly organized and is validly existing in good standing as a limited liability company under the laws of the State, with full power and authority to enter into and perform its obligations under the Guaranty.

(e) LifeNet is duly and validly organized and validly existing as a corporation under the laws of the State, with full power and authority to enter into and perform its obligations under the Development Agreement.

(f) Execution of the Development Agreement, the Incentive Partnership Management Agreement, the Bridge Loan Note and all other agreements executed by the Partnership in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of the Partnership and, having been executed and delivered in accordance with its terms, the Development Agreement, the Incentive Partnership Management Agreement, the Bridge Loan Note and all other agreements executed by the Partnership in connection with the Partnership Agreement constitute the valid and binding agreement of the Partnership, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by the Partnership is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Partnership is bound or as to which it is subject.

(g) Execution of this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the General Partner in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of such General Partner and, having been executed and delivered in accordance with their respective terms, this Agreement, the Incentive Partnership Management Agreement and any other agreement
executed by the General Partner in connection with the Partnership Agreement constitute the valid and binding agreement of the General Partner, enforceable in accordance with their respective terms, and to its actual knowledge, execution hereof and thereof by the General Partner is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the General Partner is bound or as to which it is subject.

(h) Execution of the Development Agreement, the Developer pledge and any other agreement executed by Churchill Communities in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of Churchill Communities and, having been executed and delivered in accordance with its terms, the Development Agreement, the Developer pledge and any other agreement executed by Churchill Communities in connection with the Partnership Agreement constitute the valid and binding agreement of Churchill Communities, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by Churchill Communities is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which Churchill Communities is bound or as to which it is subject.

(i) Execution of the Guaranty and any other agreement executed by the Guarantor in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of the Guarantor and, having been executed and delivered in accordance with its terms, the Guaranty and any other agreement executed by the Guarantor in connection with the Partnership Agreement constitute the valid and binding agreement of the Guarantor, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by the Guarantor is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Guarantor is bound or as to which it is subject.

(j) To its actual knowledge, no event of Bankruptcy has occurred with respect to the Partnership, the General Partner, SLP, the Guarantor or the Developers.

(k) Execution of this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the SLP in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of SLP and, having been executed and delivered in accordance with their respective terms, this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the SLP in connection with the Partnership Agreement constitute the valid and binding agreement of the SLP, enforceable in accordance with their respective terms, and to its actual knowledge, execution hereof and thereof by the SLP is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the SLP is bound or as to which it is subject.

(l) Execution of the Development Agreement and any other agreement executed by LifeNet in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of LifeNet and, having been executed and delivered in accordance with its terms, the Development Agreement and any other agreement executed by LifeNet in connection with the Partnership Agreement constitute the valid and binding agreement of LifeNet, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by LifeNet is not in violation of any contract, agreement, charter, bylaw,
resolution, judgment, order, decree, law or regulation to which LifeNet is bound or as to which it is subject.
Exhibit N

Right of First Refusal

See attached.
Applicants may qualify for 1 points for qualifying under this exhibit by certifying below.

This certification serves as evidence that the Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7) of the Code (the “Minimum Purchase Price”), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"). Development Owner may qualify for these points by providing the right of first refusal in the following terms.

(A) Upon the earlier to occur of:
   (i) the Development Owner’s determination to sell the Development, or
   (ii) the Development Owner’s request to the Department, pursuant to §42(b)(6)(E)(ii) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(b)(6)(F) of the Code, the Development Owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period. If the Development Owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to date upon which the Development Owner intends to sell the Development.

   (B) During the two years following the giving of a Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:
   (i) during the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. § 92.1 (a "CHDO") and is approved by the Department;
   (ii) during the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and
   (iii) during the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

   (iv) If, during such two-year period, the Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) through (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development Owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) through (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development Owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.

   (C) After whichever occurs the later of:
   (i) the end of the Compliance Period; or
   (ii) two years from delivery of a Notice of Intent,
the Development Owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of 120 days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the Development Owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the Development Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(E) The Department shall, at the request of the Development Owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(F) The Department shall have the right to enforce the Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development Owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.

____________________________
DEVELOPMENT OWNER

Name: ________________________

Title: _________________________

Date: 1/28/06
Exhibit O

Due Diligence Checklist

See attached.
Exhibit P

Amended Terms

The Bridge Loan will be increased to $9,035,837

The First Additional Capital Contribution will be increased to $9,205,837

The Second Additional Capital Contribution will be decreased to $436,564

The amount of the Development Fee paid from the proceeds of the First Additional Capital Contribution will decrease to $170,000

The amount of the Development Fee paid from the proceeds of the Second Additional Capital Contribution will decrease to $436,564

The maximum amount of the Term Loan will be decreased to $3,970,000

The Development Budget will be substituted with the development budget attached as Schedule I to this Exhibit P.

SHF shall have the option of requiring the SLP to make a Capital Contribution on each December 31 in an amount equal to accrued interest on the Deferred Development Fee (which will be used to make payments on the Deferred Development Fee). If such Capital Contribution is made, the Partnership shall allocate to the SLP an item of expense equal to the interest on the Deferred Development Fee paid with such Capital Contribution.
Schedule I to Exhibit P

Revised Development Budget

See attached.
### Development Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100 Land</td>
<td>$1,067,712</td>
<td>100.0%</td>
<td>$7,785</td>
<td>$9.50</td>
</tr>
<tr>
<td>101 Off Site, Site Fill, Demolition &amp; Other</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>102 Broken Fees, Legal &amp; Closing Costs</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Existing Structure</strong></td>
<td></td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>200 Building Acquisition</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>201 Closing Costs &amp; Acquisition Legal Fees</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Hard Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 Hard Costs</td>
<td>$8,066,280</td>
<td>83.3%</td>
<td>$61,675</td>
<td>$76.68</td>
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<tr>
<td>301 Architectural Design</td>
<td>$250,000</td>
<td>2.0%</td>
<td>$1,925</td>
<td>$2.46</td>
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<tr>
<td>302 Engineering</td>
<td>$200,000</td>
<td>1.6%</td>
<td>$1,520</td>
<td>$1.94</td>
</tr>
<tr>
<td>303 Sitework</td>
<td>$250,000</td>
<td>2.0%</td>
<td>$1,925</td>
<td>$2.46</td>
</tr>
<tr>
<td>304 General Conditions (% Max)</td>
<td>$217,722</td>
<td>1.7%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>305 Contractor Profit (1/5 Max)</td>
<td>$217,722</td>
<td>1.7%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>306 Structural (Any Use Basis)</td>
<td>$217,722</td>
<td>1.7%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>307 Accessory Buildings</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>308 Personal Property &amp; Appliances</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>309 Other</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td><strong>Total Hard Costs</strong></td>
<td>$10,435,440</td>
<td>100.0%</td>
<td>$74,010</td>
<td>$90.82</td>
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</tbody>
</table>

**Soft Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>400 Architectural Design</td>
<td>$265,000</td>
<td>11.8%</td>
<td>$2,038</td>
<td>$2.61</td>
</tr>
<tr>
<td>401 Engineering</td>
<td>$250,000</td>
<td>9.9%</td>
<td>$1,875</td>
<td>$2.41</td>
</tr>
<tr>
<td>402 Sitework</td>
<td>$250,000</td>
<td>9.9%</td>
<td>$1,875</td>
<td>$2.41</td>
</tr>
<tr>
<td>403 General Conditions (% Max)</td>
<td>$217,722</td>
<td>7.9%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>404 Contractor Profit (1/5 Max)</td>
<td>$217,722</td>
<td>7.9%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>405 Structural (Any Use Basis)</td>
<td>$217,722</td>
<td>7.9%</td>
<td>$1,639</td>
<td>$2.06</td>
</tr>
<tr>
<td>406 Accessory Buildings</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>407 Personal Property &amp; Appliances</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>408 Other</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Soft Costs</strong></td>
<td>$1,201,812</td>
<td>100.0%</td>
<td>$9,149</td>
<td>$10.98</td>
</tr>
</tbody>
</table>

**Financing – Construction**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>500 Construction Loan Fee (Sub)</td>
<td>$299,250</td>
<td>23.4%</td>
<td>$2,244</td>
<td>$2.91</td>
</tr>
<tr>
<td>501 Lender Legal &amp; Underwriting (Subtotal)</td>
<td>$119,000</td>
<td>9.0%</td>
<td>$871</td>
<td>$1.11</td>
</tr>
<tr>
<td>502 Title &amp; Registering</td>
<td>$100,000</td>
<td>7.6%</td>
<td>$751</td>
<td>$0.99</td>
</tr>
<tr>
<td>503 Closing Costs</td>
<td>$19,000</td>
<td>1.5%</td>
<td>$142</td>
<td>$0.19</td>
</tr>
<tr>
<td>505 Loan Interest (Lender)</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Capitalized Interest</strong></td>
<td>$391,595</td>
<td>30.0%</td>
<td>$2,919</td>
<td>$3.74</td>
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</table>

**Financing – Permanent**

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<tr>
<th>Item</th>
<th>Cost</th>
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<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>700 Permanent Loan Origination Fee</td>
<td>$79,463</td>
<td>6.1%</td>
<td>$591</td>
<td>$0.78</td>
</tr>
<tr>
<td>702 Lender Legal – Perm (SunAmericaRetail Spec)</td>
<td>$10,000</td>
<td>0.8%</td>
<td>$71</td>
<td>$0.09</td>
</tr>
<tr>
<td>703 Legal Fees &amp; Capitalized (orig)</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>704 Accountants’ Fees (Orig)</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>706 Organizational Fees</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>708 Development Fee</td>
<td>$270,000</td>
<td>21.0%</td>
<td>$2,025</td>
<td>$2.65</td>
</tr>
<tr>
<td>709 Non-Profit Enrollment</td>
<td>$20,000</td>
<td>1.5%</td>
<td>$150</td>
<td>$0.20</td>
</tr>
<tr>
<td>710 Misc. Costs</td>
<td>$2,000</td>
<td>0.0%</td>
<td>$15</td>
<td>$0.02</td>
</tr>
<tr>
<td>711 Misc. Costs</td>
<td>$2,000</td>
<td>0.0%</td>
<td>$15</td>
<td>$0.02</td>
</tr>
<tr>
<td>712 Contingency Fees</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>713 Tax Credit Costs</td>
<td>$18,329</td>
<td>1.4%</td>
<td>$138</td>
<td>$0.18</td>
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<tr>
<td>716 Commitment Fees</td>
<td>$52,122</td>
<td>4.0%</td>
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<tr>
<td>717 Compliance Fees</td>
<td>$6,365</td>
<td>0.5%</td>
<td>$45</td>
<td>$0.06</td>
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</tbody>
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**Reserves**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>800 Reserve</td>
<td>$441,690</td>
<td>33.6%</td>
<td>$3,309</td>
<td>$4.31</td>
</tr>
</tbody>
</table>

**Equity Partner Fees (LP)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>900 Bridge Loan Fee</td>
<td>$104,136</td>
<td>79.8%</td>
<td>$781</td>
<td>$1.03</td>
</tr>
<tr>
<td>901 Legal – Limited Partner</td>
<td>$10,000</td>
<td>0.7%</td>
<td>$71</td>
<td>$0.09</td>
</tr>
<tr>
<td>902 Up-front Fee</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>903 Line 4[3]</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Development Fees**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Budget</th>
<th>Por Unit</th>
<th>Por SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Development Profit &amp; Overhead</td>
<td>$1,775,023</td>
<td>100.0%</td>
<td>$12,778</td>
<td>$15.31</td>
</tr>
<tr>
<td>1001 Development Profit &amp; Overhead (Acquisitions Basis)</td>
<td>$0</td>
<td>N/A</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**TOTAL DEVELOPMENT**

| Cost       | $16,219,099 | $115,035 | $141.17 |

**Notes**

- % Hard: 5.28%
- % 2.00%
- % 2.00%
ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Rick,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from AIG Sun America Affordable Housing Partners that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Farmers Branch, Farmers Branch Texas
Evergreen at Rockwall, Rockwall Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential, Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Existing Development Name: Evergreen at Rockwall

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 4, 2019

Brad Forslund  
Churchill Residential, Inc.  
5605 N. MacArthur Blvd. #580  
Irving, TX 75038

Re: Evergreen at Farmers Branch, Farmers Branch, Texas  
Evergreen at Rockwall, Rockwall, Texas  
Section 811 Program Participation

Dear Brad:

This letter is to advise that at this time, we are unable to approve participation in the Section 811 program by these partnerships.

The goals of the 811 program are admirable, and we appreciate the efforts of TDHCA to reach people of low and moderate incomes and provide good housing options for these families.

However, after careful consideration, we cannot approve Section 811 units being placed on these properties at this time. The projects are not participating in the program currently, and we cannot allow Section 811 units to be set aside for this purpose. Our investments have multiple limited partner investors whose decisions to participate in LIHTC partnerships was based upon their review and understanding of the specific set aside requirements established at the time of development, and as reflected in the recorded land use restriction agreements.

Thank you for providing information regarding the 811 program. We look forward to continuing to provide quality affordable housing to the residents of these apartment communities under the current set aside requirements at these developments.

Yours Truly,

Rick White  
Director of Asset Management
TDHCA #07254 Evergreen at Farmers Branch

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   - ☐ No – STOP. PACKET SUBMISSION NOT NEEDED
   - ☑ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the
   requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of
   Qualified Existing Developments?
   - ☐ No – STOP. PACKET SUBMISSION NOT NEEDED
   - ☑ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or
   Controls an Existing Development that appears on the List of Qualified Existing
   Developments?
   - ☐ No - STOP. PACKET SUBMISSION NOT NEEDED
   - ☑ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   - ☐ No - STOP. PACKET SUBMISSION NOT NEEDED
   - ☑ Yes – CONTINUE TO COVER PAGES

   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit
   voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other
   instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold
   consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a
   required consent was asked to give their consent (Example: Letter from the Applicant or an
   Affiliate requesting that the above Third Party give permission that if the 2019 Application is
   awarded, the Existing Development can be committed to the Section 811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent
   has provided notice of their decision not to provide a required consent (Example: Letter from the
   Third Party identified in (ii) that they are denying an Existing Development from
   participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Farmers Branch

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: SunAmerica Affordable Housing Partners

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.4

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 42 & 43 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
FARMERS BRANCH SENIOR COMMUNITY, L.P.,
A TEXAS LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

As of October 25, 2007

THE LIMITED PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE LIMITED PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE 1933 ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, EXCEPT IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THERewith. IN ADDITION, THE SALE OR TRANSFER OF SUCH LIMITED PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE 8 HEREOF.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Article</th>
<th>SECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CONTINUATION OF PARTNERSHIP</td>
</tr>
<tr>
<td>1.1</td>
<td>Continuation/Admission</td>
</tr>
<tr>
<td>1.2</td>
<td>Name</td>
</tr>
<tr>
<td>1.3</td>
<td>Principal Executive Offices; Agent for Service of Process</td>
</tr>
<tr>
<td>1.4</td>
<td>[intentionally left blank]</td>
</tr>
<tr>
<td>1.5</td>
<td>Term</td>
</tr>
<tr>
<td>1.6</td>
<td>Filing of Amendment to Certificate</td>
</tr>
<tr>
<td>2</td>
<td>DEFINED TERMS</td>
</tr>
<tr>
<td>3</td>
<td>PURPOSE OF THE PARTNERSHIP</td>
</tr>
<tr>
<td>4</td>
<td>REPRESENTATIONS, WARRANTIES AND COVENANTS</td>
</tr>
<tr>
<td>4.1</td>
<td>Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership</td>
</tr>
<tr>
<td>4.2</td>
<td>Representations, Warranties and Covenants Relating to Tax Credits and Tax Matters</td>
</tr>
<tr>
<td>5</td>
<td>CAPITAL CONTRIBUTIONS, BRIDGE LOAN, PARTNER LOANS</td>
</tr>
<tr>
<td>5.1</td>
<td>Capital Contributions</td>
</tr>
<tr>
<td>5.2</td>
<td>Bridge Loan</td>
</tr>
<tr>
<td>5.3</td>
<td>Return of Capital Contribution</td>
</tr>
<tr>
<td>5.4</td>
<td>Legal Opinion</td>
</tr>
<tr>
<td>5.5</td>
<td>Repurchase Obligation</td>
</tr>
<tr>
<td>5.6</td>
<td>Guaranteed Payments</td>
</tr>
<tr>
<td>5.7</td>
<td>Assignment to the Partnership</td>
</tr>
<tr>
<td>5.8</td>
<td>Payment of Environmental Assessment Consultant Fees</td>
</tr>
<tr>
<td>5.9</td>
<td>Partner Loans</td>
</tr>
<tr>
<td>6</td>
<td>RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER</td>
</tr>
<tr>
<td>6.1</td>
<td>Management of the Partnership</td>
</tr>
<tr>
<td>6.2</td>
<td>Duties and Obligations of the General Partner</td>
</tr>
<tr>
<td>6.3</td>
<td>Special Purpose Entity</td>
</tr>
<tr>
<td>6.4</td>
<td>Limitations Upon the Authority of the General Partner</td>
</tr>
<tr>
<td>6.5</td>
<td>Continued Compliance Sale</td>
</tr>
<tr>
<td>6.6</td>
<td>General Partner or Affiliates Dealing with Partnership</td>
</tr>
<tr>
<td>6.7</td>
<td>Other Activities</td>
</tr>
<tr>
<td>6.8</td>
<td>Liability for Acts and Omissions</td>
</tr>
<tr>
<td>6.9</td>
<td>Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other Guarantees</td>
</tr>
<tr>
<td>6.10</td>
<td>Development Fee</td>
</tr>
<tr>
<td>6.11</td>
<td>Incentive Partnership Management Fee</td>
</tr>
<tr>
<td>6.12</td>
<td>Withholding of Fee Payments</td>
</tr>
<tr>
<td>6.13</td>
<td>Pledged Payments</td>
</tr>
<tr>
<td>Article</td>
<td>Title</td>
</tr>
<tr>
<td>---------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>6.14</td>
<td>Reserve For Replacements</td>
</tr>
<tr>
<td>6.15</td>
<td>Selection of Property Manager; Management Agreement</td>
</tr>
<tr>
<td>6.16</td>
<td>Removal of the Property Manager</td>
</tr>
<tr>
<td>6.17</td>
<td>Environmental Matters</td>
</tr>
<tr>
<td>6.18</td>
<td>Tax Matters Partner</td>
</tr>
<tr>
<td>6.19</td>
<td>Expenses of Tax Matters Partner</td>
</tr>
<tr>
<td>6.20</td>
<td>Security Agreements and Guarantees</td>
</tr>
<tr>
<td>6.21</td>
<td>Duties of SLP</td>
</tr>
<tr>
<td></td>
<td><strong>Article 7 RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS</strong></td>
</tr>
<tr>
<td>7.1</td>
<td>Limitation on Liability of Limited Partners</td>
</tr>
<tr>
<td>7.2</td>
<td>Other Activities</td>
</tr>
<tr>
<td>7.3</td>
<td>Insurance Obtained by SHF</td>
</tr>
<tr>
<td></td>
<td><strong>Article 8 TRANSFERS OF PARTNER INTERESTS, WITHDRAWAL, ADMISSION OF SUBSTITUTE PARTNERS</strong></td>
</tr>
<tr>
<td>8.1</td>
<td>Transfers</td>
</tr>
<tr>
<td>8.2</td>
<td>Withdrawal</td>
</tr>
<tr>
<td>8.3</td>
<td>[Intentionally Left Blank]</td>
</tr>
<tr>
<td>8.4</td>
<td>[Intentionally Left Blank]</td>
</tr>
<tr>
<td>8.5</td>
<td>[Intentionally Left Blank]</td>
</tr>
<tr>
<td>8.6</td>
<td>Removal/Withdrawal</td>
</tr>
<tr>
<td>8.7</td>
<td>Admission of Additional or Substitute Partners</td>
</tr>
<tr>
<td></td>
<td><strong>Article 9 DISTRIBUTIONS</strong></td>
</tr>
<tr>
<td>9.1</td>
<td>Distribution of Net Cash Flow</td>
</tr>
<tr>
<td>9.2</td>
<td>Distribution of Proceeds from Sale of Partnership Property (Other Than in Connection with a Liquidation)</td>
</tr>
<tr>
<td>9.3</td>
<td>Distribution Upon Liquidation</td>
</tr>
<tr>
<td>9.4</td>
<td>Project Documents</td>
</tr>
<tr>
<td></td>
<td><strong>Article 10 ALLOCATION PROVISIONS, CAPITAL ACCOUNTS</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Article 11 DISSOLUTION AND LIQUIDATION</strong></td>
</tr>
<tr>
<td>11.1</td>
<td>General</td>
</tr>
<tr>
<td>11.2</td>
<td>Winding Up of Partnership</td>
</tr>
<tr>
<td>11.3</td>
<td>Accountant's Statement</td>
</tr>
<tr>
<td></td>
<td><strong>Article 12 BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS</strong></td>
</tr>
<tr>
<td>12.1</td>
<td>Books and Records</td>
</tr>
<tr>
<td>12.2</td>
<td>Bank Accounts</td>
</tr>
<tr>
<td>12.3</td>
<td>Tax Returns</td>
</tr>
<tr>
<td>12.4</td>
<td>Reports to Partners</td>
</tr>
<tr>
<td>12.5</td>
<td>Asset Management Fee</td>
</tr>
<tr>
<td>12.6</td>
<td>Section 754 Elections</td>
</tr>
<tr>
<td>Article</td>
<td>Section</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>12.7</td>
<td>Fiscal Year and Accounting Method</td>
</tr>
<tr>
<td>Article 13</td>
<td>AMENDMENTS</td>
</tr>
<tr>
<td>Article 14</td>
<td>CONSENTS, VOTING AND MEETINGS</td>
</tr>
<tr>
<td>14.1</td>
<td>Submissions to Limited Partner</td>
</tr>
<tr>
<td>14.2</td>
<td>Meetings; Submission of Matter for Voting</td>
</tr>
<tr>
<td>14.3</td>
<td>Voting Rights of SLP</td>
</tr>
<tr>
<td>Article 15</td>
<td>GENERAL PROVISIONS</td>
</tr>
<tr>
<td>15.1</td>
<td>Applicable Law</td>
</tr>
<tr>
<td>15.2</td>
<td>Successors and Assigns</td>
</tr>
<tr>
<td>15.3</td>
<td>Waiver of Jury Trial</td>
</tr>
<tr>
<td>15.4</td>
<td>Remedies</td>
</tr>
<tr>
<td>15.5</td>
<td>Counterparts</td>
</tr>
<tr>
<td>15.6</td>
<td>Separability of Provisions</td>
</tr>
<tr>
<td>15.7</td>
<td>Further Assurances</td>
</tr>
<tr>
<td>15.8</td>
<td>Captions</td>
</tr>
<tr>
<td>15.9</td>
<td>Entire Agreement</td>
</tr>
<tr>
<td>15.10</td>
<td>Liability of SHF</td>
</tr>
<tr>
<td>15.11</td>
<td>Notices</td>
</tr>
<tr>
<td>15.12</td>
<td>Legal Fees</td>
</tr>
<tr>
<td>15.13</td>
<td>Business Days</td>
</tr>
<tr>
<td>15.14</td>
<td>Not For Benefit of Creditors</td>
</tr>
<tr>
<td>15.15</td>
<td>No Continuing Waiver</td>
</tr>
</tbody>
</table>
FARMERS BRANCH SENIOR COMMUNITY, L.P.,
A TEXAS LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

This AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (this "Agreement") is made and entered into as of October 25, 2007, by and among LIFENET-FARMERS BRANCH GP, L.L.C., a Texas limited liability company ("the General Partner"), SUNAMERICA HOUSING FUND 1555, A NEVADA LIMITED PARTNERSHIP ("SHF"), and CHURCHILL RESIDENTIAL, INC., a Texas corporation ("SLP" or the "SLP").

A. A Certificate of Limited Partnership for the formation of Farmers Branch Senior Community, L.P. (the "Partnership") pursuant to the Act was filed with the Secretary of State of Texas on August 10, 2007.

B. The General Partner and Bradley E. Forslund ("Forslund") executed an Agreement of Limited Partnership of the Partnership dated August 14, 2007; by letter dated October 25, 2007, Forslund withdrew as a limited partner of the Partnership (collectively, the "Prior Agreement").

C. The parties hereto desire to enter into this Amended and Restated Agreement of Limited Partnership to (a) continue the Partnership under the Act, (b) admit SHF to the Partnership as the Limited Partner, and (c) amend and restate the Prior Agreement in its entirety.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby amend and restate the Prior Agreement in its entirety as follows:

Article 1
CONTINUATION OF PARTNERSHIP

1.1 Continuation/Admission. The undersigned shall continue the Partnership as a limited partnership under the Act. SHF is hereby admitted to the Partnership as a Limited Partner.

1.2 Name. The name of the Partnership is Farmers Branch Senior Community, L.P.

1.3 Principal Executive Offices; Agent for Service of Process.

(a) The principal executive office of the Partnership shall be 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238. The Partnership may change the location of its principal executive office to such other place or places as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal executive office. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.
The name and address of the agent for service of process are LifeNet Community Behavioral Healthcare, 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238. The agent for service of process for the Partnership may be changed from time to time by the General Partner in its sole and absolute discretion, subject to applicable law.

1.4 [intentionally left blank].

1.5 Term. The term of the Partnership shall continue in perpetuity unless the Partnership is sooner dissolved in accordance with this Agreement.

1.6 Filing of Amendment to Certificate. Upon the execution of this Agreement by the parties hereto, the General Partner shall take all actions necessary to assure the prompt filing of an amendment to the Certificate of Limited Partnership of the Partnership if and as required by the Act. The Partnership shall be responsible for all filing costs.

Article 2
DEFINED TERMS

In addition to the terms defined above, the following terms used in this Agreement have the meanings specified below:

"Accountants" means the Partnership's accountants selected pursuant to Section 12.3 of this Agreement.

"Act" means the limited partnership laws of the Business Organizations Code, as amended from time to time.

"Actual Credits" means with respect to any period of time, the total amount of the Tax Credits of the Partnership allocated to SHF with respect to such period.

"Additional Capital Contributions" means the First Additional Capital Contribution, the Second Additional Capital Contribution and the Third Additional Capital Contribution.

"Adjusted Capital Account" means, with respect to any Partner, such Partner's Capital Account as of the end of the relevant taxable year, after crediting to such Capital Account any amounts which such Partner is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations.

"Affiliate" means any Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another designated Person.

"AFR" means the long-term applicable Federal rate (as defined in Section 1274(d) of the Code).
"Agency" means the Texas Department of Housing and Community Affairs, or any successor in its capacity as the housing credit agency of the State.

"Agency RoFR Agreement" has the meaning set forth in Section 6.5(c) of this Agreement.

"Agent" has the meaning set forth in Section 5.2(h) of this Agreement.

"Apartment Complex" means the 90-unit multifamily rental housing development and other improvements to be constructed on the Land and to be known as Evergreen at Farmers Branch Senior Apartments.

"Application" means the Partnership's 2007 Multifamily Uniform Application for Tax Credits submitted to and approved by the Agency, together with any undertaking submitted to and approved by the Agency in connection with such application.

"Asset Management Fee" means the fee payable to SAHP (or its designee) pursuant to Section 12.5 of this Agreement.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a voluntary petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code or like provision of law; insolvency of such Person as finally determined by a court proceeding; the filing of an involuntary petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code or like provision of law which is not dismissed within 60 days after such filing; the appointment of a receiver or a trustee for such Person or a substantial part of its assets or the filing by such Person of a petition or application to accomplish the same; commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another (and if such proceeding is an involuntary proceeding, such proceeding is not dismissed within 60 days after it is commenced).

"Bankruptcy Code" means the Bankruptcy Code of 1978, 11 U.S.C. Section 101 et seq., as such law may be amended or superseded.

"BL Advances" has the meaning set forth in Section 5.2(d)(iv) of this Agreement.

"BL Capital Contributions" has the meaning set forth in Section 5.2(d)(iv) of this Agreement.

"Bridge Loan" means the loan to be made or arranged by SHF to the Partnership, as provided in Section 5.2 of this Agreement.
"Bridge Loan Guarantor" means an Affiliate of SHF that guaranties the Bridge Loan.

"Bridge Loan Note" means the bridge loan note attached hereto as Exhibit C.

"Business Day" means a day (other than a Saturday or Sunday or federal holiday) on which banks generally are open in Los Angeles, California for the conduct of substantially all of their commercial lending activities.

"Capital Account" means the capital account of a Partner as described in Section 4 of Exhibit I of this Agreement.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner under this Agreement.

"Capital Transaction" means a sale, refinance, exchange, transfer, assignment or other disposition (including a condemnation or foreclosure) of all or any portion of the Apartment Complex or a recovery of a damage award or receipt of insurance proceeds (to the extent such damage award or insurance proceeds are not used to rebuild the Apartment Complex) affecting the Apartment Complex.

"Carryover Allocation" means the carryover allocation of Tax Credits issued to the Partnership by the Agency.

"Cash Expenditures" means all payments of cash during the applicable period, including without limitation, cash expenditures for operating expenses, Debt Service Expense and the funding of Cash Reserves; provided, however, that Cash Expenditures shall exclude payments and distributions to be made pursuant to Sections 9.1, 9.2, and 9.3 of this Agreement, refunds to tenants of security deposits and expenditures from Cash Reserves to the extent that the funding of such reserves is otherwise considered a cash expenditure under the terms of this definition.

"Cash Receipts" means all cash receipts of the Partnership, including without limitation, cash receipts from the operation of the Partnership, rental subsidy payments, if any, cash from the forfeiture or application of tenant security deposits and disbursements of Reserves for Replacements (but only to the extent the expense for which such disbursement is being made was included as a Cash Expenditure); provided, however, that Cash Receipts shall exclude cash from Capital Transactions, cash from Capital Contributions, proceeds from any Project Loans, Operating Deficit Loans, LP Loans, SLP Loans or other loans to the Partnership, the deposit by tenants of security deposits and any interest payable to tenants thereon and any other funds of third parties held in reserve or trust by the Partnership.

"Cash Reserves" means such amounts required under the Reserve For Replacements or under the Project Documents or estimated by SLP with the Consent of SHF that are necessary to be set aside periodically for the payment of costs, expenses and liabilities incident to the business of the Partnership.

"Certified Credits" means ninety-nine and nine tenths percent (99.9%) of the annual Tax Credits that the Accountants certify in writing to the Partnership that the Partnership will be able
to claim during each full fiscal year during the Credit Period (provided that for any partial year
during the Credit Period, Certified Credits shall be adjusted to reflect such fact) for all buildings
in the Apartment Complex assuming full compliance with the rent restrictions and income
limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based,
among other things, on the Forms 8609 issued by the Agency for all the buildings comprising the
Apartment Complex and on the cost certification prepared in connection with the application by
the Partnership for Forms 8609. Once the Certified Credits are determined, they shall not be
adjusted during the term of this Agreement; provided, however, that if with respect to a Tax
Credit Loss Event SLP makes a payment under clause (E) of Section 6.9(d)(ii) of this
Agreement, then the Certified Credits shall be reduced prospectively by the annual reduction in
Tax Credits attributable to such Tax Credit Loss Event.

"Churchill Communities" means Churchill Communities, L.P., a Texas limited
partnership.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any
corresponding provision or provisions of succeeding law.

"Completion" means the lien-free completion of construction of the Apartment Complex
in compliance with the Plans and Specs, including without limitation, completion or correction
of all punchlist items and seasonal items such as landscaping to the satisfaction of SHF, the
issuance of all necessary permanent certificates of occupancy from the applicable governmental
jurisdictions and authorities for one hundred percent (100%) of the units in the Apartment
Complex, and payment and release of all liens of subcontractors, materialmen, and other
providers of labor, equipment, material and/or services to the Land and the Apartment Complex
as evidenced by the receipt of all unconditional lien releases from all such subcontractors,
materialmen and all other providers of labor, equipment, material and/or services to the Land and
the Apartment Complex; provided, however, that Completion shall not be deemed to have
occurred if on such date any liens or other encumbrances as to title to the Apartment Complex
exist, other than those (i) securing the Project Loans, (ii) consented to by SHF, and (iii) covered
by payment bonds which shall cause any such lien to be released of record.

"Compliance Period" means the compliance period (as defined in Section 42(i)(1) of the
Code) applicable to the Apartment Complex.

"Consent" means the prior written consent or approval of SHF and/or any other Partner,
as the context may require.

"Construction Contract" shall have the definition given that term in Section 4.4(b).

"Construction Subcontract" shall have the definition given that term in Section 4.4(b).

"Contractor" means a contractor acceptable to SHF.

"Contractor's Requisition" has the meaning set forth in Section 5.2(i)(i)(A) of this
Agreement.
"Cost Savings" means the amount, if any, by which (a) Permitted Sources exceed (b) Development Costs.

"Credit Period" means the "credit period" with respect to each of the buildings in the Apartment Complex, as defined in Section 42(f) of the Code.

"Debt Service Coverage Ratio" means for the applicable period, the Net Operating Income for such period divided by the Debt Service Expense for such period determined on an accrual basis (provided, however, if principal payments have not commenced under the Term Loan, the Debt Service Coverage Ratio shall be calculated using the monthly payment of principal and interest which will become due when principal payments commence under the Term Loan).

"Debt Service Expense" means with respect to any period, the debt service expense incurred by the Partnership, including interest expense and required principal payments, late charges and any other fees and expenses incurred during such period and relating to any Project Loan.

"Default LP Loans" means LP Loans (or portions thereof) that are made to pay any obligation of the General Partner or SLP under this Agreement which the General Partner or SLP failed to pay. For example, an LP Loan made to fund Operating Deficits that SLP and the General Partner failed to fund in breach of their obligations under Section 6.9(b) shall constitute a Default LP Loan.

"Deferred Development Fee" means the portion of the Development Fee not paid from Capital Contributions pursuant to the Development Agreement.

"Developers" means Churchill Communities and LifeNet.

"Development Agreement" means the Development Agreement among the Partnership and the Developers of even date herewith in the form set forth in Exhibit B.

"Development Budget" means the construction, development and financing budget for the construction development and financing of the Apartment Complex, including without limitation the construction of the Apartment Complex, the furnishing of all personalty in connection therewith, and the operation of the Apartment Complex prior to Stabilization, attached hereto as Exhibit F and any amendments thereto made with the Consent of SHF.

"Development Costs" means all direct or indirect costs payable by the Partnership related to the acquisition of the Land and the development and construction of the Apartment Complex prior to Stabilization, all costs of completing punchlist items regardless of when incurred and all Operating Deficits incurred by the Partnership prior to Stabilization, including without limitation the following: (a) costs of acquiring, financing, developing and constructing the Apartment Complex, as described in and as contemplated by the Plans and Specs and the Project Documents, including without limitation, any construction cost overruns, the cost of any change orders and all amounts payable under the Construction Contract; (b) all costs to achieve closing of the Project Loans (including to achieve Term Loan Closing) and to satisfy any escrow deposit requirements which are conditions to the closing of any Project Loan, including, without...
limitation, any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums; (c) all costs, payments and deposits needed to avoid a default under the Bridge Loan or Term Loan, including without limitation, all required deposits to satisfy any requirements of the Project Lender or SHF to keep the Term Loan "in balance"; (d) applicable loan assessment fees, discounts or other expenses incurred by or on behalf of the Partnership as a result of the occurrence of the closing of the Project Loans; (e) all costs and expenses relating to Pre-Existing Environmental Conditions regardless of when such costs are incurred; (f) any fees paid or due to the General Partner, SLP and their respective Affiliates, including the Development Fee; (g) all costs and expenses associated with paying off the Bridge Loan, and (h) SHF's legal fees payable pursuant to Section 5.1(b)(i) and the fee payable to SAHP pursuant to Section 5.2(b).

"Development Fee" means the fee payable by the Partnership to the Developers pursuant to the Development Agreement.

"Draws" has the meaning set forth in Section 5.2(h) of this Agreement.

"Eligible Basis" has the meaning set forth in Section 42(d) of the Code and the Regulations and rulings thereunder.

"Environmental Consultant" has the meaning set forth in Section 5.8 of this Agreement.


"Excess Development Costs" means as of any particular date (a) the Development Costs which the Partnership has an obligation to pay as of such date, minus (b) the Permitted Sources received by the Partnership as of such date.

"Excess Interest" means (i) the actual interest accrued on the Bridge Loan and (ii) all other amounts (other than principal) payable under the Bridge Loan, including, without limitation, all fees and costs and indemnification obligations arising thereunder.

"Excess LP Loan Amount" means the amount, if any, by which the outstanding balance of all LP Loans, including principal and accrued interest, exceeds the outstanding balance of all SLP Loans, including principal and accrued interest.
"Excess SLP Loan Amount" means the amount, if any, by which the outstanding balance of all SLP Loans, including principal and accrued interest, exceeds the outstanding balance of all LP Loans, including principal and accrued interest.

"Extended Use Agreement" means the extended low-income housing commitment executed by the Partnership and the Agency related to the Apartment Complex, which commitment satisfies the requirements of Code Section 42(h)(6)(B).

"Facility Account" means an account maintained by the Bridge Loan Guarantor or its designee.

"First Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(ii) of this Agreement.

"Fiscal Year" means the fiscal year of the Partnership, determined in accordance with Section 706(b) of the Code.

"Forms 8609" means the IRS Form 8609 issued by the Agency for each residential building of the Apartment Complex which finally allocate Tax Credits to such residential building.

"General Partner" means the General Partner and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors pursuant to this Agreement.

"GP Affiliated Entity" means (i) a limited partnership in which the General Partner or an Affiliate of the General Partner is a general partner, and in which an Affiliate of SHF is a limited partner, or (ii) a limited liability company in which the General Partner or an Affiliate of General Partner is a manager or managing member, and in which an Affiliate of SHF is a member.

"GP Misconduct Event" shall have the meaning set forth in Section 6.9(g)(i) of this Agreement.

"GP Pledged Payments" shall have the meaning set forth in Section 6.13(b) of this Agreement.

"Greatest Excess LP Loan Amount" means the greatest Excess LP Loan Amount at any time on or prior to the date on which the NCF Percentage is determined. Accordingly, once the NCF Percentage decreases based on the Greatest Excess LP Loan Amount reaching a certain level, no payments by the Partnership or the General Partner of LP Loans shall increase the NCF Percentage or restore it to what it was prior to the Greatest Excess LP Loan Amount reaching such level.

"Guarantor" means LHTE Equipment, LLC.

"Guaranty" means the Guaranty Agreement of even date herewith executed by Guarantor for the benefit of SHF.
"Hazardous Materials" shall mean any toxic, hazardous, or radioactive substances or materials, petroleum or chemical liquid or solid, liquid or gaseous products or hazardous waste or other pollutants, contaminants and substances regulated by Environmental Laws, whether or not naturally occurring, including, without limitation, asbestos, lead paint, polychlorinated biphenyls, radon and methane gas. "Hazardous Materials" shall also include, but are not limited to, any materials, which are (a) a "hazardous waste" within the meaning of the Resource Conservation and Recovery Act of 1976, ("RCRA") 42 U.S.C. Section 6901 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (b) a "hazardous substance" within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, ("CERCLA") 42 U.S.C. Sections 9601 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (c) a "pollutant" within the meaning of the Federal Water Pollution Control Act, 33 U.S.C. Section 1251, et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (d) any air pollutant regulated under the Clean Air Act, 42 U.S.C. Section 7401 et seq., or regulations promulgated thereunder, or any similar state or local Environmental Law; (e) an "extremely hazardous substance" within the meaning of the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001-11050, or regulations promulgated thereunder, or any similar state Environmental Law; (f) any air contaminant regulated under the Occupational Health and Safety Act, 29 U.S.C. Section 651, et seq., or regulations promulgated thereunder, as the same may be amended from time to time, or any similar state or local Environmental Law; (g) any "source material," "byproduction material" or "special nuclear material" regulated under the Atomic Energy Act of 1954, 42 U.S.C. Section 2011, et seq., or regulations promulgated thereunder, as the same may be amended from time to time, or any similar state or local Environmental Law; and (h) microbial contaminants.

"Incentive Partnership Management Agreement" means the Incentive Partnership Management Agreement among the General Partner, SLP and the Partnership of even date herewith, in the form set forth in Exhibit A which shall permit the General Partner to assign its right to receive the Incentive Partnership Management Fee (subject to all offset rights contained herein) to the non-profit sole member of the General Partner.

"Incentive Partnership Management Fee" means the fee payable by the Partnership to the General Partner and SLP pursuant to the Incentive Partnership Management Agreement; provided, however, the maximum fee payable to the General Partner and the SLP in the aggregate for any Fiscal Year shall be $200,000, which amount shall not cumulate from Fiscal Year to Fiscal Year.

"Initial Period" shall have the definition given that term in Section 6.9(b) of this Agreement.

"Interest" or "Partnership Interest" means the ownership interest of a Partner in the Partnership, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of the Act.

"IRS" means the Internal Revenue Service.
"Land" means the tract of land situated in Farmers Branch, Texas, upon which the Apartment Complex will be located, as more particularly described in Exhibit D.

"LifeNet" means LifeNet Community Behavioral Healthcare, a Texas nonprofit corporation.

"Limited Partner(s)" means SHF, SLP or any other Limited Partner admitted to the Partnership in such Person's capacity as a limited partner of the Partnership.

"Liquidator" means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

"LP Loans" means the loans which may be made by SHF (or its designee) to the Partnership pursuant to Section 5.9(b) of this Agreement.

"Management Agreement" shall have the meaning set forth in Section 6.15(a) of this Agreement.

"NCF Percentage" means 80%, unless the Greatest Excess LP Loan Amount at any time exceeds $50,000, in which event the NCF Percentage shall be determined in accordance with Exhibit J of this Agreement.

"Net Cash Flow" means, for each Fiscal Year, the excess, if any, of Cash Receipts for such period over Cash Expenditures for such period.

"Net Operating Income" means with respect to any period the following:

(a) The operating revenues of the Apartment Complex from the normal operations of the Apartment Complex, consisting of rental receipts for retail space (if any) and for occupancy of apartment units or garages in the Apartment Complex, vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, reimbursements from tenants for utilities and other expenses borne by the Partnership and other ordinary operating receipts. The term "operating revenues" shall exclude revenues from condemnation awards or insurance proceeds, any collections for utility charges to the extent that utilities are separately metered and borne by the tenants of the Apartment Complex, any furniture rental income to the extent not a tenant reimbursement, security deposits (unless and until applied against obligations owed to the Partnership by the tenants who paid such deposits), any loans or capital contributions to the Partnership from any Partner or otherwise, revenues from a sale of personal or real property of the Partnership, revenues from any affiliate of the Partnership or any other extraordinary revenues; minus

(b) All expenses related to operation of the Apartment Complex (excluding any Debt Service Expense, whether paid or accrued) payable by the Partnership during the applicable period, including, without limitation, the following items: (i) operating
expenses; (ii) real and personal property taxes, special assessments or similar charges and sales or use taxes applicable to the operations of the Apartment Complex; (iii) property management fees; (iv) insurance expenses; (v) the funding of the Reserve For Replacements and other reserves required under the Project Documents; (vi) marketing costs, leasing commissions, advertising and promotions costs; (vii) maintenance and repair costs related to the Apartment Complex; and (viii) legal and accounting fees related to the operation of the Apartment Complex; provided, however, that such disbursements shall exclude payments and distributions to be made pursuant to Article 9 of this Agreement, payment of the Asset Management Fee and refunds to tenants of security deposits, and expenditures from the Reserves for Replacements and other reserves required to be maintained under the Project Documents to the extent that the funding of such reserves is otherwise considered an expense under the terms of this definition. All of the foregoing items included as expenses shall be calculated on an accrual basis with appropriate seasonal adjustments as permitted by SHF and in accordance with generally accepted accounting principles consistently applied. When calculating expenses, insurance expenses, audit expenses and taxes shall be pro-rated over the entire calendar year. In no event shall Operating Expenses include any Debt Service Expense.

"Notice" means written notice delivered under this Agreement, which is delivered in accordance with Section 15.11 of this Agreement and which contains the information required by this Agreement to be communicated to such Partner.

"Operating Deficit" means, for each month, the amount by which that month's Cash Receipts, plus any amounts available from Cash Reserves (provided that Cash Reserves can only be used to pay the item for which the reserve was established and cannot be used to pay capital expenditures) is exceeded by the sum of (a) the monthly operating and maintenance expenses of the Partnership, (b) Debt Service Expense then due, but excluding Debt Service Expense made from the proceeds of a Capital Transaction, (c) all other accruals made on a monthly basis for annual expenses, including but not limited to accruals for property taxes and insurance and (d) maintenance of Cash Reserves.

"Operating Deficit Loan" has the meaning set forth in Section 6.9(b) of this Agreement.

"Owner's Title Policy" has the meaning set forth in Section 4.1(d) of this Agreement.

"Partner" means any General Partner and any Limited Partner.

"Partner Loans" means collectively the LP Loans and the SLP Loans.

"Partnership" means Farmers Branch Senior Community, L.P., a Texas limited partnership.

"Payment Date" means, with respect to any Fiscal Year, the date which is ninety (90) days after the end of the such Fiscal Year.

"Percentage Interest" means, with respect to the General Partner, 0.05%, with respect to SLP, 0.05% and with respect to SHF, 99.9%.
"Permitted Exceptions" has the meaning set forth in Section 4.1(d) of this Agreement.

"Permitted Sources" means the sum of the following: (a) the proceeds of the Term Loan; (b) the Initial Capital Contribution; (c) the Additional Capital Contributions (other than $10,524,768 of the First Additional Capital Contribution); (d) the proceeds of the Bridge Loan; and (e) the Deferred Development Fee; provided, however, that the aggregate amount of Permitted Sources (other than the Deferred Development Fee) shall not exceed the sum of $14,656,204 and the Upward Adjustor.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Plans and Specs" has the meaning set forth in Section 4.4(a) of this Agreement.

"Pre-Existing Environmental Condition" means the presence of any Hazardous Materials on, under or near the Land on or prior to the date of Completion.

"Prime Rate" means the prime commercial lending rate as published from time to time by J.P. Morgan Chase Bank of New York.

"Project Documents" means and includes the Term Loan Documents, the Regulatory Agreements, the Management Agreement, the Development Agreement, the Construction Contract and all other instruments delivered to (or required by) any Project Lender or the Agency, and all other material documents relating to the Apartment Complex and by which the Partnership is bound, as amended or supplemented from time to time.

"Project Lenders" means the holder of the Project Loans, and its respective successors and assigns.

"Project Loans" means the Term Loan.

"Projected Credits" means (a) for the entire Credit Period, $11,949,400 and (b) for each full year during the Credit Period, $1,194,940; provided that for any partial year during the Credit Period, Projected Credits shall be adjusted appropriately.

"Property Manager" means the property manager for the Apartment Complex under the Management Agreement.

"Qualified Contract" has the definition given it in Section 42(h)(6)(F) of the Code.

"Regulations" means the regulations promulgated under the Code.

"Regulatory Agreements" means, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any applicable government agency setting forth certain terms and conditions under which the Apartment Complex is to be operated, including without limitation the Extended Use Agreement.
"Replacement Bridge Loan" shall have the meaning set forth in Section 5.2(e) of this Agreement.

"Reserve For Replacements" means the reserve for replacements to be established by the Partnership and administered in accordance with Section 6.14 of this Agreement.

"Right of First Refusal" has the meaning set forth in Section 6.5(c) of this Agreement.

"RSI" means AIG Retirement Services, Inc., a Delaware corporation.

"SAHP" means SunAmerica Affordable Housing Partners, Inc., a California corporation.

"Second Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(iii) of this Agreement.

"Secretary" has the definition given it in Section 7701(a)(11) of the Code.

"SHF" means SunAmerica Housing Fund 1555, A Nevada Limited Partnership.

"SLP Affiliated Entity" means (i) a limited partnership in which the SLP, Guarantor or an Affiliate of the SLP or Guarantor is a general partner or limited partner, and in which an Affiliate of SHF is a limited partner, or (ii) a limited liability company in which the SLP, Guarantor or an Affiliate of SLP or Guarantor is a manager or managing member, and in which an Affiliate of SHF is a member.

"SLP Loans" means the loans which may be made by SLP to the Partnership pursuant to Section 5.9(a) of this Agreement. Operating Deficit Loans shall not constitute SLP Loans.

"SLP Misconduct Event" shall have the meaning set forth in Section 6.9(g)(ii) of this Agreement.

"SLP Pledged Payments" shall have the meaning set forth in Section 6.13(a) of this Agreement.

"Special Additional Capital Contribution" has the definition given it in Section 5.1(b)(vi) of this Agreement.

"Stabilization" means for a period of three (3) consecutive calendar months commencing no earlier than the first month in which principal payments commence under the Term Loan, the Partnership achieves a Debt Service Coverage Ratio equal to or greater than 1.15 and at least 90% of the units in the Apartment Complex are occupied by qualified tenants. If at the time Stabilization is determined, the SLP has not provided to SHF evidence that the Apartment Complex has received a tax abatement or reduction, then Stabilization will be calculated assuming all unabated real estate taxes are payable.

"State" means the State of Texas.

"Substitute GP" shall have the definition given it in Section 8.4(a) of this Agreement.
"Substitute GP Amendment" shall have the definition given it in Section 8.4(c) of this Agreement.

"Substitute LP" means any Person admitted to the Partnership as a Limited Partner pursuant to Section 8.7(b) of this Agreement.

"Tax Credit" means the low-income housing tax credit allowed for certain low income housing projects pursuant to Section 42 of the Code.

"Tax Credit Compliance Guarantee Obligations" shall mean any amounts which are owed by SLP to SHF under Section 6.9(d)(i) or (ii) and any amounts which are payable under Section 6.9(d)(iv) solely from SLP Pledged Payments and distributions under Sections 9.1, 9.2 and/or 9.3.

"Tax Credit Loss Event" means any of the following: (a) any act, event or circumstance that gives rise to the recapture of Tax Credits under Code Section 42(j)(2), without regard to the posting of a bond as described in Code Section 42(j)(6); (b) the filing of a tax return or an amendment to a tax return by the Partnership that reflects a reduction or a disallowance of Tax Credits allocated to SHF pursuant to a previously filed tax return; (c) a disallowance of Tax Credits allocated to SHF following an assessment or audit by the IRS which results in the assessment of a deficiency by the IRS against the Partnership with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely appeal the decision resulting in such assessment and the collection of such assessment shall be stayed pending the disposition of such appeal; and (d) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment described in clause (c) above.

"Tax Credit Shortfall" means, as to any period of time, the difference between the Certified Credits for such period of time and the Actual Credits for such period of time. The Tax Credit Shortfall shall be calculated commencing with the fiscal year in which Forms 8609 are issued.

"Tax Credit Tests" means the following: (a) that at least forty percent (40%) of the units in the Apartment Complex must be occupied by households with income at or below sixty percent (60%) of the area median gross income as required by Section 42(g)(1) of the Code; (b) that gross rents paid by tenants of low-income units in the Apartment Complex must not exceed thirty percent (30%) of the qualifying income standard applicable to the Apartment Complex as required by Code Section 42(g)(2)(A); (c) that at least eighty percent (80%) of gross income from the Apartment Complex in every year must be rental income from or with respect to dwelling units in the Apartment Complex used to provide living accommodations not on a transient basis; and (d) all other tests and requirements imposed under the Code or other applicable law to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements or by the Agency under the allocation of Tax Credits, including any reservation, Carryover Allocation or points awarded as part of the Application (including, without limitation, all requirements under the nonprofit set aside of the 2006 TDHCA Housing Tax Credit Program Qualified Allocation Plan and Rules).
"Tax Law Change" means any change in the Code which occurs after the date of this Agreement. A Tax Law Change does not include any changes in the Regulations or interpretative changes.

"Tax Matters Partner" means the General Partner, or any other Partner designated by SHF, acting in its capacity as a Limited Partner, or in its capacity as the Tax Matters Partner.

"Term Lender" means the holder of the Term Loan.

"Term Loan" shall have the definition given that term in Section 6.9(f)(i) of this Agreement.

"Term Loan Closing" means the closing of the Term Loan.

"Term Loan Documents" means the loan documents executed in connection with the Term Loan, including the loan agreement, the note and the mortgage or deed of trust.

"Third Additional Capital Contribution" shall have the meaning set forth in Section 5.1(b)(iv) of this Agreement.

"Title Company" means Commonwealth Land Title Insurance Company, or other title company acceptable to SHF.

Article 3
PURPOSE OF THE PARTNERSHIP

The purpose of the Partnership is to own the Land and to own, construct, hold, improve, maintain, operate, develop, mortgage, exchange, finance and lease the Apartment Complex as a qualified low-income housing project within the meaning of section 42 of the Code, and, consistent with the charitable purposes of the sole member of the General Partner, to provide housing for poor and distressed persons, and to eventually sell or otherwise dispose of the Apartment Complex and the Land in a manner consistent with the provisions of this Agreement, and to engage in any and all general business activities related or incidental thereto. The Partnership may also engage in such other activities as may be reasonably incident or appropriate to furthering the activities of the Partnership with respect to the Apartment Complex and the Land.

Article 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 SLP Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the SLP hereby represents, warrants and covenants to the Partnership and to the SHF that:

(a) The execution and delivery of this Agreement by the SLP and the performance by the SLP of the transactions contemplated hereby have been duly authorized by
all requisite corporate actions or proceedings. The SLP is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) At the date hereof and at the time of commencement of construction, the Land is and will be properly zoned for the Apartment Complex, all consents, permissions and licenses required by all applicable governmental entities either have been or will have been obtained, and the Apartment Complex, as designed, conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations, the violation of which would have, or would be likely to have, an adverse effect on the Apartment Complex or the Partnership.

(c) All appropriate public utilities, including sanitary and storm sewers, water, gas, telephone, cable and electricity, are currently available and will be operating properly for all units in the Apartment Complex at the time of first occupancy of such units.

(d) A TLTA T-1 owner's title insurance policy will be issued by the Title Company in an amount equal to $15,452,709 concurrently with the closing of the Term Loan (the "Owner's Title Policy"), with the following endorsements if available in Texas: access, survey, zoning, fairways, non-imputation, subdivision map act and owner's comprehensive endorsements and such other endorsements as may be reasonably required by SHF. The Owner's Title Policy shall be subject only to such easements, covenants, restrictions and such other exceptions as are normally included in owner's title insurance policies in the jurisdiction in which the Apartment Complex is located and which are otherwise acceptable to SHF (the "Permitted Exceptions"). Good and marketable fee simple title to the Apartment Complex is held by the Partnership. The SLP has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership's lacking title insurance coverage based on imputation of knowledge of the SLP to the Partnership.

(e) The SLP is not aware of any default under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the SLP, Guarantor or the Partnership, or related to the business or assets of the Partnership or of the Apartment Complex, which default, claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement of over $10,000 against the SLP, Guarantor or the Partnership. The SLP shall immediately give Notice to SHF of the occurrence of any such default, claim, demand, litigation, proceeding or governmental investigation.

(f) None of the SLP, Churchill Communities, or Guarantor, or any senior officer involved in the management of the SLP, Churchill Communities or Guarantor has been convicted of a felony.

(g) To the best of its knowledge after due inquiry, the execution of this Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or the SLP or any Affiliate thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the
SLP is a party or by which the Partnership or the Apartment Complex is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or, other than with respect to Project Loans, result in, create or impose any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(h) The construction and development of the Apartment Complex shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (1) all applicable requirements of the Project Documents, (2) all applicable requirements of all appropriate governmental entities, the violation of which would have, or would be likely to have, an adverse effect on the Apartment Complex or the Partnership, and (3) the Plans and Specs of the Apartment Complex that have been or shall be hereafter approved by SHF, as such Plans and Specs may be changed from time to time with the Consent of SHF (subject to Section 4.4(a)).

(i) Neither the Partnership nor the SLP is obligated to pay any broker or finder fee in connection with the sale of the Apartment Complex to the Partnership.

(j) The SLP has not, either individually or on behalf of the Partnership, and the Partnership has not incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed in writing to SHF, or (ii) obligations which will be fully satisfied at or prior to the execution of this Agreement.

(k) The Partnership is a valid limited partnership, duly organized under the laws of the State, and has full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and has taken all action under the laws of the State and any other applicable jurisdiction or otherwise that is necessary to protect the limited liability of SHF and to enable the Partnership to engage in its business.

(l) No restrictions on the sale or refinancing of the Apartment Complex, other than the restrictions to be set forth in this Agreement, the Regulatory Agreements and Section 42 of the Code, exist as of the date hereof, and no such restrictions shall, at any time while SHF is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex, save and except pursuant to the Right of First Refusal and the Agency RoFR Agreement.

(m) To the best of its knowledge after due inquiry, at the time of the execution of this Agreement, the Partnership has fully complied with all applicable provisions and requirements of any and all purchase and/or lease agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex. It shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(n) Bradley E. Forslund owns and controls, and shall continue to own and control at all times during the term hereof all classes of interests of the SLP unless a change in ownership is consented to in writing by SHF (subject to Section 8.1(a)).
(o) All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing on the date hereof, have been paid in full on the Apartment Complex.

(p) No representation, warranty or statement of the SLP in this Agreement or in any document, certificate or schedule furnished or to be furnished to SHF pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(q) The SLP shall keep all sources of funding "in balance," as required by each Project Lender and SHF, and, with the funding of the Project Loans and the Bridge Loan and the Capital Contributions, has adequate sources of funds to timely achieve Stabilization and satisfaction of other obligations of the Partnership and the General Partner in accordance with this Agreement.

(r) Except as disclosed in the Owner's Title Policy, to the best of the SLP's knowledge after due inquiry, there are no special assessments of any nature with respect to the Land or the Apartment Complex or any part thereof currently pending, nor has the Partnership or the SLP received any notice of any special assessments or public improvements which are likely to result in such being contemplated; and there are no federal, state or local tax liens encumbering the Partnership's interest in the Land or the Apartment Complex other than the liens for taxes and assessments not yet due and payable.

(s) The SLP shall prevent a default from occurring under the Project Documents resulting from a breach by the SLP, Guarantor or their Affiliates of any term, condition or restriction applicable to such parties under the Project Documents, including, without limitation, a breach of a restriction on the ownership of the SLP or the financial condition of the SLP, Guarantor or their Affiliates.

(t) Neither the SLP nor its Affiliates will receive, directly or indirectly, from the Partnership or from any other Person, any fee, commission, compensation or other consideration in connection with (i) this Agreement, (ii) the acquisition of the Land, and/or (iii) the construction or operation of the Apartment Complex, except for the payment of fees and distributions to the SLP under this Agreement, to the Developers under the Development Agreement and to the Property Manager under the Management Agreement, and to Churchill Communities under the Construction Management Agreement of even date herewith (which fee to Churchill Communities is set forth in the Development Budget).

All of the representations, warranties and covenants contained in this Section 4.1 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The SLP shall indemnify and hold harmless SHF and the General Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.
4.2 SLP Representations, Warranties and Covenants Relating to Tax Credits and Tax Matters. As of the date hereof, the SLP hereby represents, warrants and covenants to the Partnership and to the Partners that:

(a) It is projected that there is sufficient Eligible Basis to provide an amount of Tax Credits equal to the Projected Credits.

(b) Any portion of the Development Fee included in Eligible Basis, including any portion the payment of which is deferred, is properly includible in Eligible Basis under the Code, the Regulations and IRS rulings as of the date hereof.

(c) The Apartment Complex will be developed in a manner which satisfies the Tax Credit Tests, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements.

(d) None of the costs to develop and construct the Apartment Complex has been paid for, directly or indirectly, from a grant of Federal funds pursuant to Section 42(d)(5)(a) of the Code, the proceeds of bonds the interest on which is exempt from tax under Section 103 of the Code or with the proceeds of a "below market federal loan" as defined in Section 42(i)(2)(d) of the Code, except for costs excluded from eligible basis of the Apartment Complex.

(e) The Partnership has received a valid Carryover Allocation with respect to the Apartment Complex in the amount of not less than the Projected Credits.

(f) The Apartment Complex is not a scattered site project within the meaning of Section 42(g)(7) of the Code.

(g) The Agency has issued a reservation letter and a Carryover Allocation for Tax Credits for the Apartment Complex in the amount of not less than the Projected Credits, and the Partnership will satisfy, on a timely basis, all requirements necessary to be eligible to receive from the Agency, in accordance with Section 42 of the Code, the issuance of Forms 8609 with respect to each of the buildings in the Apartment Complex reflecting Tax Credits in the amount of not less than the amount of Projected Credits annually.

(h) As of the earlier of (i) June 30, 2008 and (ii) the date that is six (6) months after the date on which the Carryover Allocation was made, the Partnership will have had an adjusted basis in the Apartment Complex of more than ten percent (10%) of the Partnership's reasonably expected basis in the Apartment Complex.

(i) The only tenant eligibility requirements or rent restrictions with which the Apartment Complex and the Partnership must comply, including restrictions necessary to receive the full amount of the Projected Credits, are the following: all of the units are subject to occupancy limitation and maximum rent Tax Credit Tests for the term of the Extended Use Agreement.

(j) The construction costs for any portion of the Apartment Complex that will be available for commercial use shall be excluded from Eligible Basis.
All of the representations, warranties and covenants contained in this Section 4.2 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The SLP shall indemnify and hold harmless SHF and the General Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.3 General Partner Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the General Partner hereby represents, warrants and covenants to the Partnership and to the SHF that:

(a) The execution and delivery of this Agreement by the General Partner and the performance by the General Partner of the transactions contemplated hereby have been duly authorized by all requisite limited liability company actions or proceedings. The General Partner is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) To the best of its knowledge after due inquiry, the execution of this Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or the General Partner or any Affiliate thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the General Partner is a party or by which the Partnership or the Apartment Complex is affected, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or, other than with respect to Project Loans, result in, create or impose any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(c) The General Partner has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership's lacking title insurance coverage based on imputation of knowledge of the General Partner to the Partnership.

(d) The General Partner is not aware of any default under any agreement, contract, lease, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the General Partner or the Partnership, or related to the business or assets of the Partnership or of the Apartment Complex, which default, claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement of over $10,000 against the General Partner or the Partnership. The General Partner shall immediately give Notice to SHF of the occurrence of any such default, claim, demand, litigation, proceeding or governmental investigation.

(e) None of the General Partner, LifeNet or any senior officer involved in the management of the General Partner or LifeNet has been convicted of a felony.

(f) To the best of its knowledge after due inquiry, the execution of this Agreement, the incurring of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order,
judgment or decree of any court binding on the General Partner or any Affiliate of the General Partner, any provision of any indenture, agreement, or other instrument to which the General Partner is a party, and is not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument.

(g) The General Partner shall not enter into any amendment to the Construction Contract without the Consent of SHF.

(h) The General Partner shall cause the Partnership to use the proceeds of each Draw solely for the purposes specified in the Contractor's Requisition relating to such Draw.

(i) The General Partner will cause the Partnership to obtain and maintain insurance in accordance with the requirements of Exhibit H.

(j) Neither the Partnership nor the General Partner is obligated to pay any broker or finder fee in connection with the sale of the Apartment Complex to the Partnership.

(k) The General Partner shall only use Partnership funds for legitimate Partnership purposes and shall not use Partnership funds for any purpose in violation of any Project Document.

(l) The General Partner has not, either individually or on behalf of the Partnership, and the Partnership has not incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed in writing to SHF, or (ii) obligations which will be fully satisfied at or prior to the execution of this Agreement.

(m) The Partnership will continue to be a valid limited partnership, duly organized under the laws of the State, and shall have and shall continue to have full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall continue to take all action under the laws of the State and any other applicable jurisdiction or otherwise that is necessary to protect the limited liability of SHF and to enable the Partnership to engage in its business.

(n) The General Partner shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of all applicable provisions and requirements of any and all purchase and/or lease agreements, stormwater management agreement and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex.

(o) LifeNet owns and controls, and shall continue to own and control at all times during the term hereof all classes of interests of the General Partner unless a change in ownership is consented to in writing by SHF.

(p) No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to SHF.
pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(q) At all times during the term of this Agreement, the Partnership shall comply with all applicable provisions of the Fair Housing Act, as amended.

(r) The General Partner will cause the Partnership to comply with any ongoing requirements under applicable Environmental Laws that affect the Land and the Apartment Complex.

(s) Neither the Partnership or the General Partner has received any notice of any special assessments or public improvements which are likely to result in such being contemplated.

(t) The General Partner shall prevent a default from occurring under the Project Documents resulting from a breach by the General Partner or its Affiliates of any term, condition or restriction applicable to such parties under the Project Documents, including, without limitation, a breach of a restriction on the ownership of the General Partner or the financial condition of the General Partner or its Affiliates.

(u) Neither the General Partner nor its Affiliates will receive, directly or indirectly, from the Partnership or from any other Person, any fee, commission, compensation or other consideration in connection with (i) this Agreement, (ii) the acquisition of the Land, and/or (iii) the construction or operation of the Apartment Complex, except for the payment of fees and distributions to the General Partner under this Agreement, and the payment of fees and distributions to LifeNet under the Construction Contract or the Development Agreement.

(v) The General Partner shall not commingle Partnership funds with funds of any other Person or misapply or misappropriate funds of the Partnership, including without limitation by the unauthorized payment of fees or lending of Partnership funds to Affiliates of the General Partner.

(w) The Apartment Complex will be operated in a manner which satisfies the Tax Credit Tests, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreements.

(x) The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, as are necessary to achieve and maintain the maximum allowable Tax Credits during the Credit Period to SHF, unless otherwise directed by SHF. Any such elections (including elections made at the direction or with the Consent of SHF) shall not reduce the obligations of the General Partner pursuant to this Agreement.

(y) The General Partner has made the irrevocable election under Section 168(h)(6)(F)(ii) of the Code.
(z) The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, as are necessary to achieve and maintain the maximum allowable Tax Credits during the Credit Period to SHF, unless otherwise directed by SHF. Any such elections (including elections made at the direction or with the Consent of SHF) shall not reduce the obligations of the General Partner pursuant to this Agreement.

All of the representations, warranties and covenants contained in this Section 4.3 shall survive the date of Stabilization and the funding date of each Capital Contribution made by SHF. The General Partner shall indemnify and hold harmless SHF and the SLP against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.4 Joint Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. As of the date hereof, the SLP and the General Partner hereby represent, warrant and covenant to the Partnership and to the SHF that:

(a) The SLP has submitted to SHF detailed for-construction plans and specifications for the construction and equipment of the Apartment Complex (including any club houses, pools, tot lots, fitness facilities or other amenities) as stamped by an architect and/or engineer (the "Plans and Specs"). In no event shall the Partnership commence construction without first having obtained the approval of the Term Lender and the Consent of SHF to the Plans and Specs. Neither the SLP nor the General Partner shall agree to any change orders or changes in the Plans and Specs in connection with the construction of the Apartment Complex without the consent of the SHF and the SLP other than (i) an individual change order to the Plans and Specs which involves a budget adjustment of less than $25,000; and (B) more than one change order to the Plans and Specs which involve, in the aggregate, a budget adjustment of less than $100,000 on a net basis; provided, however, that the SLP or General Partner shall notify the SHF of any change order to the Plans and Specs.

(b) The Partnership and LifeNet will enter into a construction contract relating to the construction of the Apartment Complex provided SHF has given its Consent thereto (the "Construction Contract"). In addition, LifeNet will enter into a subcontract with Contractor provided SHF has given its Consent thereto (the "Construction Subcontract"). The Construction Contract obligates LifeNet, and the Construction Subcontract obligates the Contractor, to construct the Apartment Complex in accordance with the Plans and Specs. No fee, rebate, discount or other consideration or fee (including any advisory or consulting fee) shall be paid to the Contractor in its capacity as the Contractor (or LifeNet as the general contractor) for the Apartment Complex (or in connection with the construction thereof) other than the amounts set forth in the Construction Contract or Construction Subcontract. In addition, no fee, rebate, discount or other consideration shall be paid to the Developers, the SLP or the General Partner by the Contractor or LifeNet, except a construction management fee approved by SHF in writing may be paid to SLP or its affiliate by the Contractor. To the extent the costs of off-site improvements are not included as part of depreciable basis of the Apartment Complex and are paid with funds provided by the seller of the Land to the Partnership, such costs shall be paid by the Contractor, General Partner or seller of the Land (and not by the Partnership).
(c) No restrictions on the sale or refinancing of the Apartment Complex, other than the restrictions to be set forth in this Agreement, the Regulatory Agreements and Section 42 of the Code, shall, at any time while SHF is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex.

(d) Neither the General Partner, SLP nor the Partnership has entered into any other enforceable agreement or commitment with any other equity investor to acquire the Tax Credits, or, in the alternative, the General Partner, SLP and/or the Partnership has obtained legally enforceable releases or termination agreements from all prior potential equity investors ("Potential Investors") with whom the General Partner, SLP and/or the Partnership has previously entered into an agreement whereby said Potential Investors may acquire the Tax Credits. The General Partner and SLP shall at all times indemnify and hold harmless SHF and its Affiliates (the "RSI Entities"), and all past and present officers, directors, managers, employees, partners, agents, shareholders, members, trustees, predecessors, successors, subrogees, attorneys, insurance carriers, and assigns of the RSI Entities (the "RSI Released Parties") against and from any and all claims, suits, actions, damages, costs, judgments and expenses, of any nature whatsoever, suffered or incurred by the RSI Released Parties as a result of the General Partner, SLP and/or the Partnership's prior dealings, negotiations, agreements, and/or commitments with Potential Investors.

(e) The Partnership has no employees and shall have none.

(f) Except as has been disclosed to SHF in writing, (i) no financing has been obtained by the Partnership whereunder Fannie Mae provides any credit support, guarantee, loss sharing arrangement or any other credit support or enhancement, and (ii) no consents of any governmental agencies, including, without limitation, 2530 Department of Housing and Urban Development clearances, are, or shall be required, in connection with the admission of limited partners to SHF.

(g) No financing will be obtained by the Partnership in which Fannie Mae provides any credit support, guarantee, loss sharing arrangement, or any other credit support or enhancement for any bonds providing the financing of the Apartment Complex. The Partnership shall not incur any new secured indebtedness or refinancing of secured indebtedness without the Consent of SHF.

(h) If SHF (or RSI) is requested to provide the following representations and warranties in connection with any direct or indirect transfer of limited partner interests in SHF, then upon the request of SHF or RSI, the General Partner and SLP shall provide to RSI a written certificate stating that the following is true and correct as of the date of such certificate (except as disclosed in such certificate): neither the Partnership, the General Partner nor the Land (A) is subject to investigation, examination or inquiry by any governmental or regulatory agency, (B) is engaged in litigation or a dispute likely to involve litigation or (C) has received notice of any violation of laws, including, without limitation, the Fair Housing Act of 1968) or regulations. After such certificate is requested, if the General Partner or SLP becomes aware of any facts or circumstances that would render the representations and warranties contained in such certificate untrue thereafter in the future, the General Partner and/or SLP shall promptly report such facts and circumstances to SHF in writing. In addition, upon the request of SHF, the SLP and General
Partner shall provide to SHF a written certificate stating that the representations and warranties contained in Section 4.4(f) are true and correct as if made on the date of such certificate.

(i) The General Partner and SLP shall cause the Accountants to certify the Eligible Basis of the Apartment Complex in conjunction with the Partnership's application to the Agency for Forms 8609 and in conjunction with the audited cost certification of Eligible Basis prepared in connection with the making of the Second Additional Capital Contribution.

(j) The General Partner and SLP shall provide to the Accountants and SHF, promptly upon their request, such written documentation as is reasonably requested by the Accountants or SHF in order to verify the determination of Eligible Basis, including documentation supporting the allocation of any costs incurred by the Partnership into the determination of Eligible Basis.

(k) The General Partner and SLP shall execute on behalf of the Partnership all documents necessary to elect, pursuant to Sections 734, 743 and 754 of the Code, to adjust the basis of the Partnership's property upon the request of SHF, if, in the sole opinion of SHF, such election would be advantageous to SHF.

(l) The term of the Extended Use Agreement will not exceed 40 years and under the Extended Use Agreement the Partnership shall have the opportunity to cause a termination of the Extended Use Agreement after the end of the Compliance Period, but prior to the end of such 40 year term, in accordance with Section 42(h)(6)(E)(i) of the Code.

(m) The General Partner shall cause the Partnership to comply in full with all rental restrictions and tenant income limitations and other requirements set forth in any regulatory agreement or other documents executed by the Partnership, including, if applicable, Davis-Bacon Act (40 U.S.C. Sections 276a through 276a-5) compliance requirements and the overtime provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. Sections 327 through 332).

(n) The Partnership has not made, and neither the SLP nor the General Partner will cause the Partnership to make, an election under Regulations Section 301.7701-(3)(c) to be classified as an association taxable as a corporation.

(o) None of the SLP, the General Partner or the Partnership (i) is in violation of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 of the United States of America, as amended from time to time, or the rules and regulations promulgated thereunder from time to time; (ii) is a Person or entity described by section 1 of Executive Order 13224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, 66 Fed. Reg. 49,079 (2001), and (iii) to the best knowledge and belief of the SLP and the General Partner, none of the SLP, the General Partner or the Partnership engages in any dealings or transactions, or is otherwise associated, with any such Persons or entities.

All of the representations, warranties and covenants contained in this Section 4.4 shall survive the date of Stabilization and the funding date of each Capital Contribution made by
SHF. The General Partner and SLP shall indemnify and hold harmless SHF against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

Article 5
CAPITAL CONTRIBUTIONS, BRIDGE LOAN, PARTNER LOANS

5.1 Capital Contributions.

(a) General Partner and SLP.

(i) Initial Capital Contribution. Each of SLP and the General Partner has made a Capital Contribution to the Partnership of $100. Each of SLP and the General Partner represents that as of the date of this Agreement its Capital Account does not exceed $100.

(ii) SLP and General Partner Special Capital Contribution. If the Partnership has not paid the Development Fee, including the Deferred Development Fee, in full by the first to occur of (A) the tenth anniversary of the date hereof, (B) the date of liquidation of the Partnership, or (C) the date of removal of SLP from the Partnership (the "DDF Outside Date"), then on the DDF Outside Date SLP shall make a Capital Contribution equal to the amount of such outstanding Development Fee payable to Churchill Communities (the "SLP Special Capital Contribution") and the General Partner shall make a Capital Contribution equal to the amount of such outstanding Development Fee payable to LifeNet (the "GP Special Capital Contribution"). The Partnership shall use the proceeds of the SLP Special Capital Contribution to pay such outstanding Development Fee payable to Churchill Communities and shall use the proceeds of the GP Special Capital Contribution to pay such outstanding Development Fee payable to LifeNet.

(b) SHF. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.1(c) and 6.12 of this Agreement, SHF shall be obligated to make Capital Contributions to the Partnership in installments, as follows:

(i) Initial Capital Contribution. Concurrently with the execution hereof, SHF shall make an Initial Capital Contribution (the "Initial Capital Contribution") in the amount of $154,375. The Initial Capital Contribution shall be used to pay $35,000 of the legal fees of SHF and to pay the fee to SAHP pursuant to Section 5.2(b).

(ii) First Additional Capital Contribution. After satisfaction of all of the conditions set forth below, and review and approval by SHF of the items described below, SHF shall make a Capital Contribution in the amount of $10,624,768 (the "First Additional Capital Contribution"), subject to reduction as provided in Section 5.1(c) of this Agreement:

(A) Partner's Certificate. SHF shall have received a certificate from each of SLP and the General Partner that the representations and warranties of such Partner contained herein are true and accurate as of the date of the proposed First
Additional Capital Contribution and that such Partner and the Partnership are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed First Additional Capital Contribution.

(B) **Bridge Loan.** The Partnership shall have paid the Bridge Loan in full or will pay the Bridge Loan in full from the proceeds of and concurrently with the funding of the First Additional Capital Contribution.

(C) **Physical Inspection.** A construction consultant selected by SHF shall have prepared a physical inspection report.

(D) **Completion.** Completion of the Apartment Complex shall have occurred.

(E) **Title Policy.** To the extent available from the jurisdiction in which the Apartment Complex is located, the Title Company shall have issued the following endorsements to the Owner's Title Policy: (1) an endorsement indicating that the Partnership owns fee simple title to the Land; and (2) a "date down" endorsement extending the effective date of the Owner's Title Policy to the date of funding and showing no exceptions to the title other than the Permitted Exceptions, except as shall be acceptable to SHF. If such endorsements are not available in the jurisdiction in which the Apartment Complex is located, SHF shall have received evidence of the matters set forth such endorsements as SHF may reasonably require.

(F) **Survey.** SHF shall have received and approved an updated and re-certified "as-built" ALTA Minimum Standard Detail Requirements for ALTA/ACSM Land Title Survey (established and adopted by ALTA, ACSM and NSPS in 2005), which includes 1 through 4, 6 through 11 and 13 through 16 of Table A thereof, satisfactory to SHF.

(G) **"As-Built" Plans and Specifications.** SHF shall have received a written document executed by SLP, the architect and the Contractor certifying no material change to the approved "for-construction" Plans and Specs.

(H) **Permits, Licenses and Certificates of Occupancy.** SHF shall have received a copy of any permits and licenses which are required for the operation and use of the Apartment Complex and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Apartment Complex in its entirety.

(I) **Environmental Matters.** SHF shall have received a report in form satisfactory to SHF showing that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority. In addition, the General Partner or SLP shall have provided SHF evidence that the construction of the Apartment Complex did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the
Apartment Complex or were contained in any report by the Environmental Consultant have each been appropriately completed in a manner that fully complies with such recommendations and Environmental Laws.

(J) Rent Roll. The General Partner or SLP shall have delivered to SHF a current rent roll for the Apartment Complex certified to SHF by the General Partner (or SLP) and the Property Manager, and in form and substance reasonably satisfactory to SHF, together with copies of all tenant leases, if requested by SHF.

(K) Estoppel Certificates. The General Partner or SLP shall have provided SHF with an estoppel certificate from the Term Lender (other than an Affiliate of RSI) or other evidence satisfactory to SHF that there are no defaults or events which, with notice or the passage of time, or both, would constitute a default under the Term Loan Documents.

(L) Architect's Certificate. The General Partner shall have delivered to SHF an architect's certificate in the form of AIA Form G704.

(M) Payment of Taxes. SHF shall have received satisfactory evidence (which may be included in the endorsements to the Owner's Title Policy described in Section 5.1(b)(ii)(E) of this Agreement) that all real property taxes and assessments for the Apartment Complex due and payable through the date of funding have been timely and fully paid.

(N) Tax Credit Documents. All documents provided to the Agency by the Partnership, SLP or the General Partner or provided by the Agency to the Partnership, SLP or the General Partner relating to the Tax Credits, including without limitation, the Application for Tax Credits, a Low-Income Housing Credit Reservation and a Carryover Allocation Agreement and confirmation that the Carryover Allocation Agreement indicates the Partnership is entitled to Tax Credits from the appropriate state or local Authority in an amount equal to or greater than the Projected Credits.

(O) Other Documentation. SHF shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in this Agreement.

(P) Completion of Due Diligence. SHF shall have received and approved any items which were required as a condition to any draw under the Bridge Loan but which SHF deferred until the First Additional Capital Contribution.

The funds contributed as the First Additional Capital Contribution shall be used (1) to repay amounts due under the Bridge Loan, and (2) the balance shall be used to pay a portion of the Development Fee in accordance with the Development Agreement.

(iii) Second Additional Capital Contribution. After satisfaction of the following conditions, SHF shall make a Capital Contribution in the amount of $251,937 (the
“Second Additional Capital Contribution”), subject to reduction as provided in Section 5.1(c) of this Agreement:

(A) Satisfaction of the conditions to funding of SHF's First Additional Capital Contribution;

(B) receipt of any items which were required as a condition to the First Additional Capital Contribution but which SHF deferred until the Second Additional Capital Contribution;

(C) Stabilization (as defined in the deed of trust securing the Term Loan);

(D) receipt of an audited cost certification of Eligible Basis (as defined in Section 42(d) of the Code) for the Apartment Complex prepared by the Accountants and evidence that the application for issuance of Forms 8609 for the entire Apartment Complex has been submitted to the Agency;

(E) receipt by SHF of a copy of an as-recorded Extended Use Agreement;

(F) SHF shall have received satisfactory evidence that the Applicable Fraction (as defined in Section 42(c)(1)(B) of the Code) for the Apartment Complex equals or exceeds forty percent (40%) determined as of the last day of the first year of the Compliance Period.

(G) receipt of a certificate from each of the General Partner and the SLP that (1) the representations, warranties and covenants in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) made by such Partner continue to be true and accurate through the date of the proposed Second Additional Capital Contribution, and (2) the Partnership and such Partner are not in default of any of their obligations with respect to the Partnership or the Apartment Complex at such time; and

(H) receipt of such other documentation as it may reasonably request to verify the accuracy of the representations and warranties of SLP and the General Partner and compliance with the covenants, duties and obligations of SLP and the General Partner set forth in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement).

The Partnership shall use the Second Additional Capital Contribution to pay a portion of the Development Fee in accordance with the Development Agreement.

(iv) Third Additional Capital Contribution. After satisfaction of the following conditions, SHF shall make a Capital Contribution in the amount of $225,124 (the “Third Additional Capital Contribution”), subject to reduction as provided in Section 5.1(c) of this Agreement:
(A) Satisfaction of the conditions to funding of SHF's Second Additional Capital Contribution;

(B) receipt of any items which were required as a condition to the First Additional Capital Contribution or the Second Additional Capital Contribution but which SHF deferred until the Third Additional Capital Contribution;

(C) since funding of the Second Additional Capital Contribution, the average monthly Debt Service Coverage Ratio, as reasonably approved by SHF, is equal to or greater than 1.10;

(D) SHF shall have received copies of Forms 8609 for the entire Apartment Complex executed by the Agency;

(E) receipt of a certificate from each of SLP and the General Partner that (1) the representations, warranties and covenants in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) by such Partner continue to be true and accurate through the date of the proposed Third Additional Capital Contribution, and (2) the Partnership and such Partner are not in default of any of their obligations with respect to the Partnership or the Apartment Complex at such time; and

(F) receipt of such other documentation as it may reasonably request to verify the accuracy of the representations and warranties of SLP and the General Partner and compliance with the covenants, duties and obligations of SLP and the General Partner set forth in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement).

The Partnership shall use the Third Additional Capital Contribution to pay a portion of the Development Fee in accordance with the Development Agreement.

(v) Cost Savings. The Accountants shall determine the amount of Cost Savings as of the date of the Second Additional Capital Contribution. Subject to Section 5.1(c)(ii) of this Agreement, if Cost Savings exist, the Partnership shall use Cost Savings as follows: (A) until the Deferred Development Fee has been paid in full, to payment of the Deferred Development Fee, then (B) up to $200,000 (in the aggregate including any payments made from an Upward Adjuster) shall be paid to SLP as a "completion guaranty fee" and then (C) to reduce the balance of the Term Loan.

(vi) Special Additional Capital Contributions. If, in any Fiscal Year, SHF's Capital Account balance may be reduced to or below zero, SHF may, in its sole and absolute discretion, make a special additional Capital Contribution to the Partnership in an amount reasonably required to avoid the reduction of SHF's Capital Account balance to or below zero (a "Special Additional Capital Contribution"). If SHF makes a Special Additional Capital Contribution to the Partnership pursuant to this Section 5.1(b)(vi), SHF shall receive a guaranteed payment pursuant to Section 5.6 of this Agreement for the use of its Special Additional Capital Contribution.
(c) Adjustment to Capital Contributions of SHF. Upon the issuance of Forms 8609, the Accountants shall calculate the Upward Adjustor or the Downward Adjustor, as applicable. If subsequent events result in an increase or decrease in the Late Delivery Adjustment, then the Accountants shall recalculate the Upward Adjustor or the Downward Adjustor, as applicable, and the Partners or the Partnership, as appropriate, shall make payments pursuant to Sections 5.1(c)(i) and 5.1(c)(ii) of this Agreement to reflect such recalculation.

(i) If there is a Downward Adjustor, then the Capital Contributions of SHF shall be immediately reduced by the Downward Adjustor. The Downward Adjustor shall first reduce the First Additional Capital Contribution and then the Second Additional Capital Contribution (if either contribution has not previously been funded), and then to the extent necessary, the Third Additional Capital Contribution. If the Downward Adjustor exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then SLP shall make a payment to the Partnership within seventy-five (75) days after the Accountants deliver to the Partners a written calculation of the Certified Credits equal to the amount of such excess, and the Partnership shall immediately distribute such amount to SHF as a return of its Capital Contributions. Such payment by SLP shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or credit as a Capital Contribution which would otherwise result in any increase in the Capital Account of SLP.

(ii) If there is an Upward Adjustor, then the Third Additional Capital Contribution shall be increased by the Upward Adjustor. The Partnership shall use the increase in the Third Additional Capital Contribution (A) first to pay Development Costs (other than Operating Deficits), and (B) then, in the same manner as Cost Savings is used pursuant to Section 5.1(b)(v) of this Agreement.

(iii) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

"Upward Adjustor" shall mean the following: if there is a Certified Credit Increase, the positive amount, if any, by which the Certified Credit Increase exceeds the Late Delivery Adjustment.

"Downward Adjustor" shall mean the following: (a) if either there is a Certified Credit Decrease or if the Certified Credit Adjustment is zero, then the Certified Credit Decrease plus the Late Delivery Adjustment; or (b) if there is a Certified Credit Increase, the positive amount, if any, by which the Late Delivery Adjustment exceeds the Certified Credit Increase.

"Certified Credit Adjustment" shall equal the product of (a) Certified Credits for the Credit Period (excluding any Tax Credits resulting from an increase in qualified basis under Section 42(f)(3) of the Code), minus $11,937,451, and (b) $0.93. The Certified Credit Adjustment may be a positive or negative number. A positive Certified Credit Adjustment is referred to as a "Certified Credit Increase"; a negative Certified Credit Adjustment is referred to as a "Certified Credit Decrease".
"Late Delivery Adjustment" shall mean the amount, if any, by which $550,000 for Fiscal Year 2009 exceeds Actual Credits for such year and the amount, if any, by which 100% of Certified Credits for Fiscal Year 2010 and each Fiscal Year thereafter prior to issuance of Forms 8609 exceeds Actual Credits for such year.

(iv) The General Partner and SLP shall cause the Accountants to provide to the Partners a calculation of the Certified Credits for each year during the Credit Period based, among other things, on the Forms 8609 issued by the Agency for all the buildings comprising the Apartment Complex and on the cost certification prepared in connection with the application by the Partnership for Forms 8609.

(d) Payment of Legal Fee Amount; Excess Legal Fee Capital Contributions. The Partnership shall pay the legal fees, costs and expenses incurred by SHF in connection with this Agreement, the due diligence activities of SHF and the closing of the transactions described herein ("Legal Fees"). If the Legal Fees exceed $35,000, then SHF shall make a Capital Contribution to fund the amount of such excess. If SHF has funded its Initial Capital Contribution and satisfied its obligation to make any Capital Contribution required of it under this Section 5.1(d), then the Partnership shall pay the Legal Fees either upon execution of this Agreement or within ten (10) days after receipt of invoices, with respect to Legal Fees billed after the execution of this Agreement. SHF's agreement to make a Capital Contribution or Capital Contributions equal to the amount of the excess over $35,000 does not apply to legal fees, costs or expenses incurred by SHF in connection with any subsequent amendments or further transactions relating to the Partnership or the Apartment Complex.

(e) Deposits of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a segregated checking, savings and/or money market or similar account to be established and maintained in the name of the Partnership or invested in government securities or certificates of deposit issued by any bank. Thereafter, such amounts shall be utilized for the conduct of the Partnership business under this Agreement.

5.2 Bridge Loan.

(a) SHF shall cause a loan to be made to the Partnership (the "Bridge Loan") in the maximum amount of $10,524,768; provided, however, none of the Bridge Loan shall be available for draw prior to the Partnership receiving the proceeds of the Project Loans. The Bridge Loan shall be used to pay for costs of constructing the Apartment Complex.

(b) In consideration of arranging the Bridge Loan, the Partnership shall pay a fee to SAHP in the amount of $119,375.

(c) The Bridge Loan shall be a recourse obligation of the Partnership, advanced in accordance with the procedures set forth in this Section 5.2. The Bridge Loan may be guaranteed by the Bridge Loan Guarantor.

(d) The Bridge Loan shall be made in accordance with the Bridge Loan Note; provided, however, that, notwithstanding the contrary provisions of the Bridge Loan Note, as between SHF and the Partnership, the following terms and provisions shall also apply:
(i) The term and interest rate (which may include a guarantee fee payable to the Bridge Loan Guarantor or its designee and which may be one or a blend of the rate alternatives set forth in the Bridge Loan Note) shall be selected by the Bridge Loan Guarantor or its designee.

(ii) On the due date for any principal installment of the Bridge Loan, the Partnership shall pay to the Facility Account an amount equal to the outstanding principal amount of the Bridge Loan Note due on such date. Payments of principal and interest (as such interest is to be paid pursuant to Section 5.2(d)(iv)) owing on the Bridge Loan shall be made directly to the Facility Account and, from the Facility Account, will be paid to the maker of the Bridge Loan and if necessary, to SHF and/or the Bridge Loan Guarantor or its designee to repay any BL Advances and/or any funds advanced by any of them to the Bridge Loan lender for the account of the Partnership. The Bridge Loan Guarantor or its designee may maintain and invest all funds in the Facility Account without obligation to pay interest on any invested funds. SHF shall cause payments to the Facility Account by the Partnership to be applied against the Bridge Loan Note as and when required by the terms of the Bridge Loan Note.

(iii) The Bridge Loan shall be due on the earlier of the second anniversary of the date hereof or the date on which the First Additional Capital Contribution is made, and may be prepaid at any time without premium or penalty at the option of the Partnership.

(iv) SHF shall fund, or cause to be funded by an Affiliate, Excess Interest before the time at which a default would occur under the Bridge Loan by reason of a failure to pay such Excess Interest. At the option of SHF, such fundings shall constitute either Capital Contributions ("BL Capital Contributions") or loans ("BL Advances"). Any BL Advance shall be a non-recourse loan, collectible only from a BL Capital Contribution. If SHF elects to treat all or a portion of such fundings as BL Advances, then on the date of the funding of the First Additional Capital Contribution, it shall make a BL Capital Contribution to repay the BL Advances (such BL Capital Contribution may be made by SHF's election to convert BL Advances to BL Capital Contributions on a dollar-for-dollar basis). SHF may wire transfer or otherwise fund BL Advances or BL Capital Contributions directly to the Facility Account to facilitate payment of the Bridge Loan.

(e) SHF shall have the right at any time to make or arrange for a substitute, renewal or replacement of a Bridge Loan (a "Replacement Bridge Loan"), provided that such substitution, renewal or replacement does not have a material adverse effect on the General Partner or the Partnership. If SHF arranges for a Replacement Bridge Loan, the General Partner shall cause the Partnership to execute and deliver a replacement of the Bridge Loan Note (a "Replacement Bridge Loan Note") upon request of SHF. Nothing herein shall be construed as authorizing a loan origination fee for such Replacement Bridge Loan. Amounts outstanding under the existing Bridge Loan Note shall be repaid from proceeds of the Replacement Bridge Loan. Upon the making of a Replacement Bridge Loan and the execution of a Replacement Bridge Loan Note, all references in this Agreement to the Bridge Loan and the Bridge Loan Note shall be deemed to be references to the Replacement Bridge Loan and Replacement Bridge Loan Note.
(g) Each advance of proceeds of the Bridge Loan shall be conditioned on neither the Partnership, the General Partner nor the SLP being in default of any of their obligations under this Agreement or any Project Document, and the representations, warranties and covenants of the General Partner and the SLP in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) being true and accurate.

(h) SHF has designated SAHP as its agent for the purpose of reviewing copies of requests for draws under the Bridge Loan, the Term Loan and Capital Contributions to pay costs of constructing the Apartment Complex ("Draws"). SHF has the right, exercisable from time to time as hereinafter provided, to substitute another person or entity as its agent for such purpose by delivering to the Partnership written notice of the appointment of a successor agent. The agent at any time serving as the agent of SHF hereunder shall hereinafter be called the "Agent."

(i) Draws under the Bridge Loan shall be requested as follows:

(i) Not more than once a month and not less than five (5) Business Days before the date on which the Partnership desires a Draw to be made, the Partnership shall deliver to the Agent the following documents (together, the "Draw Documents"):

(A) an original Contractor's requisition for payment (the "Contractor's Requisition") in a form reasonably satisfactory to the Agent (American Institute of Architects standard form G-722 or G-702/G-703 shall be deemed satisfactory) certified by the architect for actual improvements in place and for materials securely stored on site through the date of that requisition;

(B) an original Schedule of Values showing costs incurred in the various construction and soft cost categories, summarized in a format provided by the Agent, together with copies of invoices or other appropriate backup information required by SHF or the Agent;

(C) a certification from the General Partner that as of the date of the Draw request neither the Partnership nor such Partner is in default of any of their obligations under this Agreement or any Project Document, and the representations, warranties and covenants of such Partner in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) continue to be true and accurate;

(D) a certification from SLP that as of the date of the Draw request neither the Partnership nor such Partner is in default of any of their obligations under this Agreement or any Project Document, and the representations, warranties and covenants of such Partner in this Agreement (including without limitation in Article 4 and Section 6.17 of this Agreement) continue to be true and accurate;

(E) a copy of the Owner's and Contractor's Affidavit (construction in progress) in the form of Exhibit E, duly executed and acknowledged on behalf of the Contractor, LifeNet and the Partnership;
(F) copies of the partial waiver of liens (subject to retainages) for current invoices and the unconditional waiver of liens for past invoices, of each subcontractor and material supplier, as to all work performed and materials purchased for which the immediately preceding Draw, if any, had been made, in form acceptable to the Title Company, and an accounting prepared by the Contractor of all payments made under the immediately preceding Draw;

(G) with respect to the first Draw made after the pouring of foundations, a foundation survey of the real property (locating the foundations only);

(H) a copy of the project schedule, updated monthly, showing the progress of the work; and

(I) endorsements issued by the Title Company to the Owner's Title Policy which (a) increase the coverage thereunder by the amount of the Draw and (b) report no exceptions for filed mechanics or materialmen's liens or other liens not previously included on the Owner's Title Policy (or if such liens are reported, affirmatively insures the insured thereunder against loss or damage caused by such liens).

In addition, after the initial advance, no advances shall be made under the Bridge Loan until (1) SHF receives and approves items number 1.45, 1.63, site development permit issued by the city in which the Apartment Complex will be located, 2.08 through 2.10, 2.12 and 2.13 of the Due Diligence Checklist attached hereto as Exhibit Q, and (2) a representative of SAHP has attended a buy-out meeting with the Contractor, after approval of the design documents, to ensure adherence to the original approved budget and to review the scope of work for the major subcontractors (collectively, the "Post-Closing Conditions"). In addition, no advances shall be made under the Bridge Loan after the date on which lumber is first delivered to the Land unless SHF has received and approved item number 2.06 of such Due Diligence Checklist. Further, no advances shall be made under the Bridge Loan for purposes of funding costs for any construction that requires building permits until SHF receives and approves items number 1.64, 2.17 and 2.21 of such Due Diligence Checklist. SHF agrees that there shall not be any retainage on draws made under the Bridge Loan to pay general conditions (not contractor profit) of the Contractor.

(ii) The Agent shall have five (5) Business Days after receiving the Draw Documents in which it has the right, exercisable by notice by facsimile transmittal to the Partnership, to object to the Draw on the basis that the Draw Documents are incomplete or inaccurate, or do not otherwise comply with the Project Documents or this Agreement. As soon as practical after receipt of such notice, the Partnership shall complete the Draw Documents, correct all inaccuracies and resubmit the Draw Documents for approval. If the Agent does not object to the Draw Documents within such five-day period, the Draw Documents shall be deemed approved. Review of the Draw Documents may proceed concurrently with review by the lenders under the Project Loans, provided if the Agent requires any corrections, the General Partner shall promptly make such corrections on all Draw Documents being processed by such lenders.

(iii) Within five (5) Business Days after the Agent approves the Draw Documents, SHF shall authorize funding of the Draw by wire transfer to the Partnership.

35 Partnership Agreement
Farmers Branch Senior Community, L.P.
5.3 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.4 Legal Opinion. As a condition precedent to SHF's making or causing the Bridge Loan to be made and making the Initial Capital Contribution, SHF shall receive an opinion of counsel with respect to the matters set forth in Exhibit M which shall explicitly state that counsel to RSI may rely upon it.

5.5 Repurchase Obligation.

(a) If (i) all Tax Credit units in the Apartment Complex are not placed in service by December 31, 2009 or (ii) Forms 8609 are not issued by the State Agency by the date necessary to allow the Partnership to claim Tax Credits for the first year of the Credit Period unless caused solely by the delay of the Agency, or (iii) the Partnership fails to meet any Tax Credit Test by the close of the first year of the Credit Period, or (iv) the Partnership's basis in the Apartment Complex for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of June 30, 2008, or such other date specified by the Agency is less than ten percent (10%) of the Partnership's reasonably expected basis in the Apartment Complex, as required pursuant to Section 42(h)(1)(E) of the Code, or (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period (any of which is a "Repurchase Event"), then SHF, in each case, shall have the right (individually, a "Repurchase Put"), but not the obligation, to require SLP and the General Partner to purchase the Interest of SHF on the terms set forth in this Section 5.5.

(b) The terms of each Repurchase Put shall be as follows: (i) it shall be exercisable until 60 days after the date on which SLP delivers notice to SHF that a Repurchase Event has occurred; (ii) SHF shall exercise the Repurchase Put by giving Notice to SLP and the General Partner; (iii) the closing of the Repurchase Put shall occur on the date sixty (60) days after SHF delivers the Notice of its exercise of the Repurchase Put (the "Repurchase Closing Date"); (iv) at the closing of the Repurchase Put, SLP and the General Partner shall cause the Partnership to pay the Bridge Loan and any LP Loans in full; and (v) on the Repurchase Closing Date, SLP and the General Partner shall make a payment to SHF by wire transfer of immediately available funds in the amount of the sum of its Capital Contributions, and interest on such Capital Contributions at the annual rate of the Prime Rate plus two percent (2%) per annum or ten percent (10%) per annum, whichever is greater, but in no event greater than the highest rate permitted by law; (vi) by the Repurchase Closing Date, SLP and the General Partner shall cause the Partnership to effect the release of any letter of credit, guaranty or collateral which SHF or its Affiliates may have provided to secure obligations of the Partnership and to reimburse SHF and its Affiliates for any loss, damage or liability they may have incurred as a result of providing any such letter of credit, guaranty or collateral; (vii) SLP and the General Partner shall indemnify, defend and hold harmless SHF and its Affiliates from any losses, damages, and/or liabilities, to or as a result of claims to which SHF may be subject as a result of its Interest in the Partnership; and (viii) provided each of SLP and the General Partner shall have satisfied its obligations relating to the Repurchase Obligation, SHF shall execute a document wherein it withdraws from the Partnership and acknowledges that it has no Interest in the Partnership.
5.6 Guaranteed Payments. No later than ninety (90) days after the end of the Fiscal Year, any Partner who has made a Special Additional Capital Contribution shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership, on the proceeds of such Special Additional Capital Contributions. The Partnership shall invest the proceeds of such Special Additional Capital Contributions as reasonably directed by the contributing Partner. Both the interest earned on the proceeds of such Special Additional Capital Contributions and any guaranteed payment due to a Partner shall be excluded from Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear at a rate equal to the lesser of fifteen percent (15%) per year and the highest rate permitted by law.

5.7 Assignment to the Partnership. Each of SLP and the General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and related to the Apartment Complex, including the following: (a) all contracts with architects, contractors (including the Contractor and all subcontractors) and supervising architects with respect to the development of the Apartment Complex; (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits; (c) any and all commitments with respect to the Term Loan and the Tax Credits; (d) any and all rights under and pursuant to the Project Documents; and (e) any other work product related to the Apartment Complex. Each of SLP and the General Partner represent that they have good title to the property transferred and assigned pursuant to this Section 5.7 and have held such title as a nominee of the Partnership as owner of such property. The property transferred and assigned pursuant to this Section 5.7 shall not constitute a Capital Contribution inasmuch as the applicable transferring Partner held such property as nominee of the Partnership.

5.8 Payment of Environmental Assessment Consultant Fees. The Partners acknowledges that, on behalf of SHF, SAHP will retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to SHF by the General Partner or SLP (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land or the rehabilitation of existing buildings. SHF shall be solely responsible for the payment of the fees of the Environmental Consultant up to a cumulative maximum of $1,000.00. The Partnership shall be solely liable for the payment of fees charged by the Environmental Consultant in excess of $1,000.00, and the Partnership shall pay such fees within thirty (30) days after receipt of invoices.

5.9 Partner Loans.

(a) SLP Loans. SLP shall have the right, but not the obligation, to make loans to the Partnership subject to the conditions and on the terms set forth in this Section 5.9 ("SLP Loans"). SLP Loans shall be on the following terms: (i) the right of SLP to make SLP Loans is subject to the condition that SLP shall not be in default in its obligations under this Agreement (including without limitation its obligations under Section 6.9); (ii) SLP Loans shall be used exclusively to fund Operating Deficits and other reasonable and necessary expenses of the Partnership Agreement
Farmers Branch Senior Community, L.P.
Partnership; (iii) interest shall accrue on the Excess SLP Loan Amount at an annual interest rate of fifteen percent (15%), compounded annually, and on the balance of the SLP Loans at an annual interest rate of ten percent (10%), compounded annually; and (iv) SLP Loans shall be payable solely at the time, and in the manner and order of priority set forth in Sections 9.1, 9.2 and 9.3 of this Agreement. By making a SLP Loan, SLP does not waive, release or modify any claim of, or remedies with respect to a default, if any, by SHF under this Agreement.

(b) LP Loans. SHF, or its designee, shall have the right, but not the obligation, to make loans to the Partnership subject to the conditions and on the terms set forth in this Section 5.9 ("LP Loans"). LP Loans shall be on the following terms: (i) LP Loans shall be used exclusively to fund Operating Deficits and other reasonable and necessary expenses of the Partnership; (ii) interest shall accrue on Default LP Loans at an annual interest rate of eighteen percent (18%) compounded annually; (iii) interest shall accrue on the Excess LP Loan Amount (excluding Default LP Loans) at an annual interest rate of fifteen percent (15%), compounded annually, and on the balance of the LP Loans (excluding Default LP Loans) at an annual interest rate of ten percent (10%), compounded annually; and (iv) LP Loans shall be payable solely at the time, and in the manner and order of priority set forth in Sections 9.1, 9.2 and 9.3 of this Agreement, and Default LP Loans shall also be payable from the proceeds of any payments made by the General Partner or SLP to the Partnership to cure defaults by the General Partner or SLP that gave rise to such Default LP Loans. By making an LP Loan, SHF does not waive, release or modify any claim of, or remedies with respect to a default, if any, by the General Partner or SLP under this Agreement.

(c) Notice of Loans. If either SHF or SLP desires to make a Partner Loan, such Partner (the "Initiating Partner") shall give the other (the "Non-Initiating Partners") and the General Partner Notice of the Initiation Partner's intent to fund a Partner Loan, which Notice shall state the following: (i) the total amount of the Partner Loan proposed to be funded; (ii) the purpose for the proposed Partner Loan; and (iii) the proposed funding date of such Partner Loan, which date (the "Funding Date") shall not be less than fifteen (15) days following the date of such Notice; provided that (A) the notice requirement shall be shortened to the extent necessary to permit a Partner to fund a Partner Loan for the purpose of curing or preventing the occurrence of a default under the Project Loans or under the Project Documents, and (B) if the SLP is in default in its obligations hereunder, SHF may fund a Partner Loan without prior Notice to SLP. The Non-Initiating Partner shall notify the Initiating Partner at least five (5) days prior to the Contribution Date whether and in what amount the Non-Initiating Partner intends to make a Partner Loan to the Partnership, which amount may be up to, but not in excess of, fifty percent (50%) of the total proposed Partner Loan. The Initiating Partner and the Non-Initiating Partners shall each fund the portion of the Partner Loan it agreed to make by the Contribution Date. If a Partner fails to make such Partner Loan to the Partnership on or before the Contribution Date, the Partner who makes such Partner's share of the Partner Loan may, at such Partner's option, advance to the Partnership the amount of the non-lending Partner's share of the Partner Loan. Without limiting the generality of the foregoing, SHF shall have the right to propose and fund a Partner Loan for the purpose of payment of any indebtedness owed to RSI or its Affiliates. No Partner has the right to propose and fund a Partner Loan to fund distributions and/or payments to be made pursuant to Sections 9.1, 9.2 and 9.3 of this Agreement and SLP shall not have the right to propose and fund a Partner Loan to fund any indemnity obligation of the Partnership to SLP.
(d) **Documentation of Partner Loans.** At the request of a Partner, which request may be made quarterly, any Partner Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such Partner Loans made during or prior to the preceding calendar quarter. Partner Loans shall be an unsecured loan by such Partner and the Partners shall have no recourse to the assets of the General Partner or SLP for the repayment thereof, except SHF shall have recourse to the assets of SLP for repayment of Default LP Loans. Partner Loans shall not be considered Capital Contributions, and shall not increase such lending Partner's Capital Account.

(e) **Usury Savings Clause.** Notwithstanding anything to the contrary herein or in any note evidencing a Partner Loan, in no event shall interest accrue on any Partner Loan at a rate in excess of the highest rate permitted by applicable law.

(f) **Capital Contribution Alternative.** If a Partner that has made or intends to make a Partner Loan (a "Lending Partner") reasonably concludes that the operation of the usury savings clause in Section 5.9(e) of this Agreement will result in a reduction in the interest rate otherwise specified in this Section 5.9(f), or if SHF reasonably concludes that it may now have or sometime in the future likely will have a negative Capital Account, then the Lending Partner may request that its existing or proposed Partner Loans be restructured as Capital Contributions. In such event, all the Partners shall cooperate to negotiate and execute an amendment to this Agreement, which shall include the following terms: (i) each of SHF (or its designee) and the General Partner has the right to make Capital Contributions pursuant to such amendment ("Section 5.9 Capital Contributions") either instead of making LP Loans and SLP Loans, respectively, or to fund the concurrent repayment by the Partnership of LP Loans or SLP Loans, respectively; (ii) with respect to such Section 5.9 Capital Contributions, the Partner(s) making them shall be entitled to receive (A) guaranteed payments or a preferred return in amounts and at times corresponding to interest payments that would have been due had the Section 5.9 Capital Contributions been made as Partner Loans, and (B) distributions as a return of capital in amounts and at times corresponding to principal payments that would have been due had the Section 5.9 Capital Contributions been made as Partner Loans; (iii) Article 9 shall be revised to the maximum extent feasible to provide that such guaranteed payments or a preferred return and return of capital distributions shall have the same amounts, timing, priority of payment and tax consequences as the corresponding payments of Partner Loans would have had; and (iv) the definition of the NCF Percentage shall be revised so that Section 5.9 Capital Contributions shall have the same effect on reductions in the NCF Percentage as Partner Loans. Notwithstanding the foregoing, SHF shall have no obligation to consent to any amendment pursuant to this Section 5.9(f), which it concludes could adversely affect the timing or amount of the allocation to SHF of Tax Credits, losses, income or gains.

**Article 6**

**RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER**

6.1 **Management of the Partnership.** Except as otherwise set forth in this Agreement, the General Partner, within the authority granted to it under this Agreement, shall be responsible for the management of the Partnership's business and shall manage the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so
doing, the General Partner shall take all actions necessary or appropriate to protect the interests of SHF and of the Partnership. The General Partner shall devote such time as is necessary to conduct the business of the Partnership.

6.2 Duties and Obligations of the General Partner. The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership:

(a) While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Partnership for federal income tax purposes without the Consent of SHF, or (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation.

(b) The General Partner shall conduct the affairs of the Partnership with due and reasonable care and prudence, and at all times in the best interest of the Partnership. Specifically, without limitation, the General Partner shall have a fiduciary responsibility for the safekeeping and proper use of all funds and assets of the Apartment Complex, and shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership.

(c) All of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the Apartment Complex and the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for those created pursuant to the Loan Documents.

(d) The General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns.

(e) The General Partner shall comply and cause the Partnership to comply with the provisions of all applicable governmental requirements and the Project Documents.

(f) The General Partner shall be responsible for the payment or other satisfaction of any fines, penalties or sanctions imposed pursuant to the Project Documents and any documents executed in connection with obtaining Tax Credits (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of the General Partner or its Affiliates, whether imposed by the Agency or any Project Lender or any other party thereto.

(g) The General Partner shall immediately give Notice to SHF of any written or oral notice of (i) any default or failure of compliance with respect to any Project Loan or Project Document or any other financial, contractual or governmental obligation of the Partnership or the General Partner, or (ii) any IRS proceeding or other governmental investigation regarding the Apartment Complex, the Partnership, the General Partner, the SLP or Guarantor. With respect to any such default, failure to comply, proceeding or investigation, the General Partner shall provide SHF and its agents full access to all related documentation and
written materials, as well as the opportunity to discuss such matters with the individuals that are involved.

(h) [intentionally left blank]

(i) The General Partner shall maintain, at the offices of SLP, for the Partners and the Partnership, books, files and records including tenant leasing files in compliance with the Code, the Regulations and which will adequately document the timing, amount and availability of the Tax Credits. The General Partner shall cause construction related files and files which document the initial qualification of apartment units for Tax Credits to be copied and stored off-site at the SLP's principal place of business or at another location over which the General Partner or SLP has potential control for a period of not less than 21 years; provided, however, that the General Partner may change such location from time to time after ten (10) days prior Notice to SHF and SLP. Within 30 days of the date on which all units in the Apartment Complex have been occupied, the General Partner or SLP shall provide SHF with a copy of all files which document the initial qualification of units for Tax Credits. Within five days' Notice from SHF, the General Partner or SLP shall afford SHF and its agents access to all such files, including files stored off-site during ordinary business hours. All such files are property of the Partnership and not of the General Partner or SLP.

(j) The General Partner shall be solely responsible for the following: (i) analyzing the qualified allocation plan for targeted areas within the State; (ii) identifying potential land sites and analyzing the demographics of potential sites; (iii) analyzing the economy and forecasting future growth potential of the geographic area in which the Apartment Complex is located; (iv) determining the Land's zoning status and possible rezoning strategies (except to the extent that the Developers are responsible for compliance with zoning regulations); (v) contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances; (vi) performing environmental tests on the Land (except to the extent that the Developers are responsible for such tests on any buildings or Land immediately below the buildings); (vii) negotiating the purchase of the Land and its related financing; (viii) processing necessary documentation with the Agency in connection with Tax Credits; (ix) arranging the permanent financing for the Partnership; and (x) arranging for the admission to the Partnership of SHF. In consideration for its services set forth in this subsection, the General Partner has received its interests in distributions of the Partnership's Net Cash Flow and of the proceeds from sale and liquidation of Partnership property as set forth in Sections 9.1, 9.2, and 9.3 of this Agreement. The General Partner shall not assign or delegate any of these duties to any other Person (including without limitation the Developers).

6.3 **Special Purpose Entity.** The General Partner shall engage in no other business or activity other than that of being the General Partner of the Partnership. The General Partner was formed exclusively for the purpose of acting as the General Partner of the Partnership and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the General Partner has no liabilities or indebtedness other than its liability for the debts of the Partnership, and the General Partner shall not incur any indebtedness other than its liability for the debts of the Partnership. If the General Partner determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its members. The General Partner has observed and shall continue to observe all necessary or appropriate entity
formalities in the conduct of its business. The General Partner shall keep its books and records separate and distinct from those of its members and Affiliates. The General Partner shall clearly identify itself as a legal entity separate and distinct from its members and its Affiliates in all dealings with other Persons. The General Partner has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

6.4 Limitations Upon the Authority of the General Partner.

(a) The General Partner shall not have any authority to:

(i) perform any act in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreements, or any other Project Documents;

(iii) do any act required to be approved in writing by SHF under the Act unless the right to do so is expressly otherwise given in this Agreement or unless SHF has provided such approval;

(iv) borrow from, or otherwise misappropriate funds of, the Partnership, commingle Partnership funds with funds of any other Person or use Partnership funds other than for the particular purpose for which such funds were advanced or contributed; or

(v) conduct the business of the Partnership in violation of the Partnership's purposes set forth in Article 3.

(b) The General Partner shall not, without the Consent of SHF and SLP, which Consent may be withheld in SHF's and SLP's sole and absolute discretion, have any authority to:

(i) sell or otherwise dispose of, at any time, any interest in the Apartment Complex or any other material portion of the assets of the Partnership;

(ii) Cause the Partnership to commence a proceeding seeking any decree, relief, order or appointment in respect to the Partnership under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Partnership or for any substantial part of the Partnership's business or property, or to cause the Partnership to consent to any such decree, relief, order or appointment initiated by any person other than the Partnership;

(iii) borrow on the general credit of the Partnership, except LP Loans, SLP Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 12.4(a) of this Agreement;
(iv) following Completion, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of $10,000 in a single Fiscal Year, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid with insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 12.4(a) of this Agreement;

(v) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex;

(vi) take any action requiring the Consent of SHF hereunder without first having obtained such Consent;

(vii) Do any act in contravention of this Agreement;

(viii) Change the nature of the business of the Partnership;

(ix) change the Property Manager other than pursuant to Section 6.16;

(x) cause the Partnership to make any loan or advance to any person (for purposes of this clause (x), accounts receivable in the ordinary course of business from persons other than the General Partner or its Affiliates shall not be deemed to be advances or loans);

(xi) lease any unit in the Apartment Complex or otherwise operate the Apartment Complex in such a manner or take any action which could cause any unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Partnership of any Tax Credit;

(xii) amend any Project Document, or permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, SHF or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, the SLP (notwithstanding that the SLP is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective) (only the consent of the SLP is necessary under this clause);

(xiii) amend any Project Document, or permit any party thereunder to waive any provision thereof, to the extent that the effect of such amendment or waiver would be to eliminate, diminish or defer any obligation or undertaking of the Partnership, the SLP or their Affiliates which accrues, directly or indirectly, to the benefit of, or provides additional security or protection to, SHF (notwithstanding that SHF is neither a party to nor express beneficiary of such provision or was not a Partner when such provision became effective) (only the consent of SHF is necessary under this clause);

(xiv) apply for or accept any grant funds on behalf of the Partnership regardless of the source of the grant;
(xv) pledge or assign any Capital Contribution or the proceeds thereof; or

(xvi) Take any action which would cause the Apartment Complex or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code.

6.5 Continued Compliance Sale. Notwithstanding the foregoing, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable Compliance Period, SHF (but only with the Consent of SLP, which may not be unreasonably withheld) may request that the Partnership do one of the following (subject to the Extended Use Agreement): (a) sell the Apartment Complex subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (b) request that the Agency arrange for the sale of the Apartment Complex after submission of a Qualified Contract (a "Compliance Termination Sale"). Any sale of the Apartment Complex during the term of the Extended Use Agreement shall be subject to Agency requirements.

(a) A request from SHF for a Continued Compliance Sale ("Continued Compliance Sale Request") shall include the minimum sales price at which the Partnership is to sell the Apartment Complex, and such other terms and conditions for the sale of the Apartment Complex as SHF shall determine in its sole discretion, including, but not limited to a sale subject to or the assumption of any financing secured by the Apartment Complex. Promptly after the receipt by the General Partner and SLP of a Continued Compliance Sale Request, the General Partner and SLP shall cause the Partnership to diligently and continuously market the Apartment Complex, and shall use commercially reasonable efforts to cause the Partnership to sell the Apartment Complex pursuant to a bona-fide purchase agreement with a Person not an Affiliate of any Partner, which Purchase Agreement shall be on terms no less favorable than those set forth in the Continued Compliance Sale Request and shall require that the purchase of the Apartment Complex be subject to the Extended Use Agreement; provided, however, the General Partner or SLP shall be entitled to make an offer to purchase the Apartment Complex. By Notice to the General Partner and SLP, SHF shall have the right to modify the terms of a Continued Compliance Sale Request, including without limitation, the minimum purchase price for the Apartment Complex. If the General Partner or SLP does not cause the sale of the Apartment Complex by the date six (6) months after the date of the Continued Compliance Sale Request, then upon Notice from SHF, SHF may require that the Partnership enter into a "Marketing Agreement" with SHF or an Affiliate of SHF ("Marketing Agent") designated by SHF and/or SHF shall have the right to locate a purchaser for the Apartment Complex. Such Marketing Agreement shall be on the following terms: (A) the Partnership shall authorize the Marketing Agent to perform all acts (excluding repairs or capital improvements of the Apartment Complex) which the Marketing Agent deems reasonable or necessary to cause the sale of the Apartment Complex (either in a single sale or multiple sales) on terms no less favorable to the Partnership than those set forth in the Continued Compliance Sale Request; (B) the Marketing Agent shall have the authority and power on behalf of the Partnership to engage third party brokers, advertise and otherwise market the Apartment Complex, negotiate with prospective buyers of the Apartment Complex, and negotiate and execute purchase agreements and other agreements related to the sale of the Apartment Complex on behalf of the Partnership which provides for a purchase price approved by SHF and which is at least as favorable to the Partnership as the best
offer, if any, located by the General Partner or SLP; (C) the Marketing Agent shall not be entitled to any fee for its services under the Marketing Agreement, but the Partnership shall reimburse the Marketing Agent for any out-of-pocket costs and expenses reasonably incurred by Marketing Agent in connection with the Marketing Agreement; and (D) the Partnership shall cooperate fully with the Marketing Agent in connection with the sale of the Apartment Complex, including without limitation providing information concerning the property and executing and/or ratifying contracts related to the marketing and sale of the Apartment Complex.

(b) After receipt of a request for a Compliance Termination Sale, the General Partner shall make a request to the Agency to obtain a buyer who is willing to acquire and operate the low-income units of the Apartment Complex as a qualified low-income building and who will submit a Qualified Contract for the low-income portion of the Apartment Complex. If the Partnership qualifies to have the Apartment Complex participate in the Qualified Contract procedure and the Agency finds a buyer who will submit a Qualified Contract for the low-income portion of the Apartment Complex, then upon Notice from SHF, the General Partner shall cause the Partnership to execute the Qualified Contract and to perform its obligations thereunder. If, however, the Partnership does not qualify to have the Apartment Complex participate in the Qualified Contract procedure or no Qualified Contract is submitted within one year of the date of the General Partner's request to the Agency, then SHF may send the General Partner a "Compliance Termination Sale Request," which request shall include the minimum sales price at which the Partnership is to sell the Apartment Complex, and such other terms and conditions for the sale of the Apartment Complex as SHF shall determine in its sole discretion, including, but not limited to a sale subject to or the assumption of any financing secured by the Apartment Complex. Promptly after the receipt by the General Partner and SLP of a Compliance Termination Sale Request, the General Partner and SLP shall cause the Partnership to diligently and continuously market the Apartment Complex, and shall use commercially reasonable efforts to cause the Partnership to sell the Apartment Complex pursuant to a bona-fide purchase agreement with a Person not an Affiliate of any Partner, which Purchase Agreement shall be on terms no less favorable than those set forth in the Compliance Termination Sale Request; provided, however, the General Partner or SLP shall be entitled to make an offer to purchase the Apartment Complex. By Notice to the General Partner and SLP, SHF shall have the right to modify the terms of a Compliance Termination Sale Request, including without limitation, the minimum purchase price for the Apartment Complex. If the General Partner does not cause the sale of the Apartment Complex by the date six (6) months after the date of the Compliance Termination Sale Request, then upon Notice from SHF, SHF may require the Partnership to enter into a Marketing Agreement with the Marketing Agent, which Marketing Agreement shall be on the same terms as set forth in Section 6.5(a) of this Agreement, except that references to "Continued Compliance Sale Request" shall be changed to "Compliance Termination Sale Request", and/or SHF shall have a right to locate a purchaser for the Apartment Complex. If the Agency does submit a Qualified Contract during the one year period and the Partnership does not execute such Qualified Contract, then, in addition to its rights under this Section 6.5(b), SHF shall still have the right to submit a Continued Compliance Sale Request pursuant to Section 6.5(a) of this Agreement.

(c) The Partnership shall enter into a right of first refusal with LifeNet which contains the terms set forth in Exhibit N attached hereto and is otherwise satisfactory to the SHF and the SLP (the "Right of First Refusal"), and any sale of the Apartment Complex shall be made.
in accordance with such right of first refusal. The Partnership has additionally entered into an Agreement to the Provision of Right of First Refusal with the Agency (the "Agency RoFR Agreement").

6.6 General Partner or Affiliates Dealing with Partnership. The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership, in addition to those expressly authorized herein, if SHF has given its Consent (which may be withheld in its sole and absolute discretion) to the particular contract or other dealings between the Partnership and the General Partner or its Affiliates. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days Notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners in the reports required under Section 12.4 of this Agreement. Neither the General Partner nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 6.6.

6.7 Other Activities. This Agreement shall not prohibit (i) any Affiliate of the General Partner or (ii) SLP, from engaging in or possessing interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom. The General Partner, however, shall be bound by the restrictions set forth in this Agreement, including without limitation Sections 6.3 and 6.4 of this Agreement.

6.8 Liability for Acts and Omissions. The General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 6.8 shall not apply in the case of negligence, willful breach, misconduct, fraud or any breach of fiduciary duty by the General Partner. Any loss or damage incurred by any General Partner by reason of any act or omission performed or omitted by it in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement (and otherwise in accordance with this Agreement) and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner by reason of negligence, willful breach, misconduct, fraud or any breach of fiduciary duty by the General Partner) shall be paid from Partnership assets to the extent available (but SHF and SLP shall not have any personal liability to the General Partner under any circumstances on account of any such loss or damage incurred by the General Partner or on account of the payment thereof).

6.9 Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other Guarantees.
(a) **Construction Guaranty.** The SLP and the General Partner unconditionally covenant, guarantee and warrant as follows:

(i) The SLP and the General Partner shall cause Completion to occur not later than the earliest of December 31, 2009, or the date for Completion required in the Project Documents or the date required for the Partnership to qualify for the Tax Credits. In addition, SLP and the General Partner shall cause the Partnership to achieve commencement of substantial construction of the Project no later than December 1, 2008, in accordance with Section 49.14(c) of the 2007 TDHCA Housing Tax Credit Program Qualified Allocation Plan and Rules.

(ii) The SLP and the General Partner shall cause the Partnership to satisfy all construction related requirements in the Loan Documents and this Agreement, including any requirement related to completion of the Apartment Complex, and all requirements for the issuance of all necessary permanent, unconditional certificates of occupancy for the Apartment Complex and any other governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex.

(iii) The SLP and the General Partner hereby agree to pay all Excess Development Costs and acknowledges the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the SLP or the General Partner pursuant to this clause (iii) shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the SLP or the General Partner to the Partnership, except (A) to the extent the amounts advanced were necessary to cover timing differences between the due date of obligations and the receipt of funds (in which case such advances will be repaid to the SLP or the General Partner, as applicable, when the funds are received) or the amounts advanced were made pursuant to a balancing request (in which case such advances will be returned to the extent not needed to cover the cost overruns or shortfalls for which they were advanced or it is later determined that savings in other areas were sufficient to cover such cost overruns or shortfalls) and (B) if an Excess Development Cost constitutes Eligible Basis necessary to cause the Certified Credits to equal or exceed the Projected Credits, then funds provided by the SLP or the General Partner to pay such cost shall be deemed a Capital Contribution of the SLP or the General Partner, as applicable.

(iv) The SLP and the General Partner shall pay any Excess Development Costs pursuant to Section 6.9(a)(iii) by the earliest of (A) the date required to avoid a default or penalties under Partnership obligations, including without limitation the Term Loan, (B) the date required to keep all sources of funding for the Apartment Complex "in balance," (C) the date required to keep all expenses without a specific maturity date paid on a sixty (60) day current basis, or (D) such earlier date as may be set forth in this Agreement.

(b) **Operating Deficit Guaranty.** If, at any time during the period commencing on the achievement of Stabilization and ending on the third anniversary of the achievement of Stabilization (the "Initial Period"), an Operating Deficit (for purposes of this Section only, Operating Deficits shall be measured based on expenses which are due in the month in question) shall exist, the SLP and the General Partner shall make a loan to the Partnership (an "Operating Deficit Loan") as shall be necessary to pay such Operating Deficit(s); provided, however, that
the SLP and the General Partner shall not be obligated to make Operating Deficit Loans if and to the extent such loan would cause the sum of the then outstanding Operating Deficit Loans to exceed an amount equal to $270,000. Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow as set forth in Section 9.1 of this Agreement, and from the proceeds of a Capital Transaction as set forth in Section 9.2 of this Agreement and from the net proceeds resulting from liquidation of the Partnership as set forth in Section 9.3 of this Agreement; and (iv) it shall be fully subordinated to payment of Project Loans, LP Loans, SLP Loans, indebtedness of the Partnership to all Persons other than Partners and to all other amounts which have a payment priority under Sections 9.1, 9.2 and 9.3 of this Agreement. If on or before expiration of the Initial Period, the SLP, the General Partner or any Affiliate of the SLP or the General Partner constructs or participates in a project that is not owned by an entity in which an Affiliate of RSI has an ownership interest (the "New Project") which qualifies for Tax Credits within a one (1) mile radius of the location of the Apartment Complex (the "Radius"), then the obligation of the SLP and the General Partner to make Operating Deficit Loans shall continue until six (6) years from the date the last certificate of occupancy for the New Project is issued by the applicable Authority (the "Issuance Date"). If the SLP, the General Partner or any Affiliate of the SLP or the General Partner constructs or otherwise participates in a New Project within the Radius after the Initial Period, then the SLP and the General Partner shall provide Operating Deficit Loans for a period of six (6) years commencing on the Issuance Date. The SLP and the General Partner shall be required to fund Operating Deficits pursuant to this Section 6.9(b) by the earlier of (A) the date required to avoid a default or penalties under Partnership obligations, including without limitation the Term Loan, and (B) the date required to keep all expenses without a specific maturity date paid on a sixty (60) day current basis.

(c) Guaranty of Bridge Loan. The SLP and the General Partner hereby irrevocably and unconditionally guarantee to SHF and its Affiliates, as applicable, the full and timely repayment of and the performance of all obligations of the Partnership under the Bridge Loan and the Bridge Loan Note, other than the payment of Excess Interest. The SLP and the General Partner shall at all times indemnify, defend and hold harmless SHF and its Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, suffered or incurred by any of them and arising from a breach by the SLP or the General Partner of this subsection.

(d) Tax Credit Compliance Guaranty.

(i) Subject to Section 6.9(d)(iv), the SLP and the General Partner irrevocably and unconditionally guarantee that if there is a Tax Credit Shortfall for any Fiscal Year, then on the first Payment Date following such Fiscal Year the SLP and the General Partner shall pay to SHF the sum of the following amounts: (A) the amount of the Tax Credit Shortfall for the Fiscal Year immediately preceding the Payment Date, (B) all penalties and interest imposed by the Code and assessed against SHF by the IRS with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by SHF resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) (such calculation to be made assuming SHF is subject to the highest federal and California state rate imposed on corporate taxpayers under the Code and applicable state law for the taxable year of SHF in which such payment is taken into income by SHF) together with interest on such
amounts at the AFR accruing from such Payment Date, compounded annually. Notwithstanding the foregoing, if a foreclosure of the Apartment Complex occurs which is not directly or indirectly a result of a breach by the SLP or the General Partner of any of its obligations hereunder, then the SLP and the General Partner shall not be required to make payments to SHF under this Section 6.9(d)(i) with respect to the Tax Credit Shortfall resulting from such foreclosure.

(ii) Subject to Section 6.9(d)(iv), the SLP and the General Partner irrevocably and unconditionally guarantee that if there is a Tax Credit Loss Event, the SLP and the General Partner shall pay to SHF the sum of the following amounts: (A) the amount of Tax Credits previously allocated to SHF and subsequently disallowed because of such Tax Credit Loss Event; (B) the "credit recapture amount" (as defined in Section 42(j)(2) of the Code) allocated to SHF because of such Tax Credit Loss Event; (C) all penalties and interest imposed by the Code and assessed against SHF by the IRS with respect to such Tax Credit Loss Event; (D) an amount sufficient to pay any tax liability owed by SHF resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C), and this clause (D) (such calculation to be made assuming SHF is subject to the highest federal and California state rate imposed on corporate taxpayers under the Code and applicable state law for the taxable year of SHF in which such payment is taken into income by SHF) together with interest on such amounts at the AFR accruing from the date SHF remits funds to a taxing authority with respect to a Tax Credit Loss Event, compounded annually; and (E) if the cause of the Tax Credit Loss Event will in the reasonable determination of SHF decrease the maximum amount of Tax Credits that will be available to the Partnership and allocated to SHF during the remainder of the Credit Period assuming full compliance with Section 42 of the Code, then an amount equal to such decrease. The SLP shall make such payment to SHF within seventy-five (75) days of the Tax Credit Loss Event. Notwithstanding the foregoing, if a foreclosure of the Apartment Complex occurs which is not directly or indirectly a result of a breach by the SLP or the General Partner of any of its obligations hereunder, then the SLP and the General Partner shall not be required to make payments to SHF under this Section 6.9(d)(ii) with respect to such Tax Credit Loss Event.

(iii) If SHF receives a payment under this Section 6.9(d) and the Partnership has appealed the issue giving rise to such payment (but has not caused a stay of enforcement with respect to such payment), and if the Partnership prevails on such appeal based on a final ruling by a federal court of competent jurisdiction, then SHF shall refund the excess payment under this Section which it had received.

(iv) If there is a Tax Law Change, each of the SLP and the General Partner shall use its good faith, reasonable efforts to comply with such Tax Law Change and to avoid a Tax Credit Shortfall or Tax Credit Loss Event based on such Tax Law Change. If despite the SLP's and the General Partner's good faith, reasonable efforts to comply with the Tax Law Change, such Tax Law Change results in a claim under Section 6.9(d)(i) or 6.9(d)(ii) of this Agreement (a "Limited Recourse Liability"), then payment of such Limited Recourse Liability shall be made solely from distributions under Sections 9.1, 9.2 and 9.3 and from the SLP Pledged Payments and GP Pledged Payments and the SLP and the General Partner shall have no personal liability for the payment of such Limited Recourse Liability (unless and to the extent it wrongfully received distributions under Sections 9.1, 9.2 and/or 9.3 or SLP Pledged Payments or
GP Pledged Payments that should have been made to SHF in satisfaction of the Limited Recourse Liability).

(e) [intentionally left blank]

(f) The Term Loan.

(i) The SLP and the General Partner irrevocably and unconditionally guarantee and covenant that the Partnership shall obtain and receive funding of a construction/term loan ("Term Loan"), which converts to a long-term loan upon the satisfaction of the conditions set forth in the Term Loan Documents and which meets the requirements of the Financing Summary attached hereto as Exhibit L, by no later than the third anniversary hereof.

(ii) The SLP and the General Partner shall make a Capital Contribution equal to the amount, if any, of the Term Loan which must be repaid to cause Stabilization to occur which shall be used to make such repayment.

(iii) The General Partner shall not cause or permit the Partnership to amend the Term Loan Documents without the Consent of SHF and SLP. In addition, any replacement or refinancing of the Term Loan shall require the Consent of SHF and SLP, which Consent may be withheld in the sole discretion of SHF and SLP.

(iv) The General Partner and SLP covenant that the Term Loan Documents shall include nonrecourse language that eliminates all personal liability of the Partnership and its Partners for the payment of the Term Loan, excluding only carveouts to the nonrecourse language typically required by institutional lenders based on fraud, misappropriation of funds or other specified "bad acts" of the Partnership or its Partners. In addition, neither the General Partner, SLP nor any of their respective Affiliates shall enter into any guaranty or credit support agreement or provide any letter of credit or other collateral that will cause the Term Loan not to be nonrecourse debt for federal income tax purposes. The General Partner and SLP represents and warrants that the Term Loan shall at all times constitute nonrecourse indebtedness for federal income tax purposes.

(g) Misconduct Indemnity.

(i) The General Partner shall at all times indemnify and hold harmless the Partnership, the SLP and SHF and SHF's Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, or orders by a governmental authority, of any nature whatsoever, suffered or incurred by the Partnership, SLP, SHF or SHF's Affiliates arising from or in connection with any of the following (a "GP Misconduct Event"): breach of fiduciary duty by the General Partner, any intentional misstatement in any certificate delivered by the General Partner or any gross negligence, willful breach, intentional misconduct, bad faith, misappropriation of funds or fraud by the General Partner or any Affiliate of the General Partner (including without limitation, LifeNet or the Property Manager, if an Affiliate of the General Partner), or any intentional breach by the General Partner of any representation or warranty contained in this Agreement, any Project Documents or any certification delivered in connection therewith, by the Property Manager.
under the Management Agreement (if an Affiliate of the General Partner) or by LifeNet under the Construction Contract.

(ii) The SLP shall at all times indemnify and hold harmless the Partnership, the General Partner and SHF and SHF's Affiliates against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, or orders by a governmental authority, of any nature whatsoever, suffered or incurred by the Partnership, the General Partner, SHF or SHF's Affiliates arising from or in connection with any of the following (an "SLP Misconduct Event"): breach of fiduciary duty by the SLP, any intentional misstatement in any certificate delivered by the SLP or any gross negligence, willful breach, intentional misconduct, bad faith, misappropriation of funds or fraud by the SLP or any Affiliate of the SLP (including without limitation, Churchill Communities, the Property Manager, if an Affiliate of the SLP, or the Contractor, if an Affiliate of the SLP), or any intentional breach by the SLP of any representation or warranty contained in this Agreement, any Project Documents or any certification delivered in connection therewith, by the Property Manager under the Management Agreement (if an Affiliate of the SLP) or by the Contractor under the Construction Contract (if an Affiliate of the SLP).

6.10 Development Fee. The Partnership has entered into the Development Agreement with the Developers for their services in connection with the development and construction of the Apartment Complex. In consideration for such services, the Partnership shall pay the Developers a Development Fee in the total amount of $1,573,566, in accordance with the terms of the Development Agreement and Article 9 of this Agreement.

6.11 Incentive Partnership Management Fee. The Partnership has entered into the Incentive Partnership Management Agreement with the SLP and the General Partner for services in managing the business of the Partnership. In no event shall the Incentive Partnership Management Fee exceed $200,000 per year. The Incentive Partnership Management Fee shall only be payable pursuant to Section 9.1 of this Agreement and shall not be cumulative.

6.12 Withholding of Fee Payments.

(a) If (i) the General Partner, LifeNet, or any successor General Partner shall not have complied with any provisions under this Agreement, the Development Agreement, the Incentive Partnership Management Agreement or the Construction Contract, as applicable, within thirty (30) days after the date SHF delivers written notice of such noncompliance to the General Partner, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all applicable cure periods, if any, as a result of acts or omissions of the General Partner, LifeNet or any Affiliate of any of them, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex as a result of acts or omissions of the General Partner, LifeNet or any Affiliate of any of them, then the General Partner and LifeNet shall be in default of this Agreement, the Development Agreement, the Incentive Partnership Management Agreement and the Construction Contract, as the case may be, and SHF, at its sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership which are to be used to make any payments to the General Partner or LifeNet, and
the Partnership shall withhold payment of any installment of fees payable to the General Partner, Developers and/or LifeNet.

(b) If (i) the SLP, Churchill Communities or the Contractor (if an Affiliate of the SLP), or any successor SLP shall not have complied with any provisions under this Agreement, the Development Agreement, the Incentive Partnership Management Agreement or the Construction Contract, as applicable, within thirty (30) days after the date SHF delivers written notice of such noncompliance to the SLP, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all applicable cure periods, if any, as a result of acts or omissions of the SLP, Churchill Communities, the Contractor (if an Affiliate of the SLP) or any Affiliate of them, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex as a result of acts or omissions of the SLP, Churchill Communities, the Contractor (if an Affiliate of the SLP) or any Affiliate of any of them, then the SLP, Churchill Communities and the Contractor (if an Affiliate of the SLP) shall be in default of this Agreement, the Development Agreement, the Incentive Partnership Management Agreement and the Construction Contract, the case may be, and SHF, at its sole election, may cause the withholding of payment of any Additional Capital Contribution otherwise payable to the Partnership which are to be used to make any payments to the SLP, Churchill Communities or the Contractor (if an Affiliate of the SLP), and the Partnership shall withhold payment of any installment of fees payable to Developers, the SLP, Churchill Communities and/or the Contractor (if an Affiliate of the SLP).

c) All amounts so withheld by the Partnership and/or SHF under this Section 6.12 shall be promptly released to the payees thereof within five (5) days after the General Partner, the SLP, the Developers, the Affiliate and/or the Contractor, as applicable, have cured the default justifying the withholding as demonstrated by evidence reasonably acceptable to SHF.

6.13 Pledged Payments.

(a) To secure the payment and performance of the SLP's obligations under this Agreement and Churchill Communities' obligations under the Development Agreement, the SLP hereby collaterally assigns, pledges and grants a security interest to SHF in all of the SLP's right, title and interest in and to any distributions and payments under this Agreement, including without limitation payments with respect to Operating Deficit Loans and SLP Loans and distributions of Net Cash Flow and proceeds of a Capital Transaction (collectively, the "SLP Pledged Payments"). The SLP irrevocably directs the Partnership to pay to SHF any SLP Pledged Payments at any time that there is an unsatisfied obligation secured by the Pledged Payments. The Partnership and the Partners shall treat any SLP Pledged Payments made by the Partnership to SHF as a payment by the Partnership to the SLP of the particular SLP Pledged Payment and a payment by the SLP to SHF of the particular obligation owed to SHF; without limiting the generality of the foregoing, to the extent a Tax Credit Compliance Guaranty Obligation is paid through the distributions under Article 9, such payment shall be treated as a payment or distribution to the SLP and then a payment of the Tax Credit Compliance Guaranty Obligation by the SLP to SHF. If there is more than one type of outstanding obligation owed at the time an SLP Pledged Payment is made to SHF, SHF in its sole discretion shall decide to
which secured obligation the SLP Pledged Payments shall be applied. This Section 6.13(a) shall constitute a security agreement under applicable law. In addition, the SLP grants SHF a right of offset against SLP Pledged Payments with respect to all amounts due to the SLP under this Agreement.

(b) To secure the payment and performance of the General Partner's obligations under this Agreement and LifeNet's obligations under the Development Agreement, the General Partner hereby collaterally assigns, pledges and grants a security interest to SHF in all of the General Partner's right, title and interest in and to any distributions and payments under this Agreement, including without limitation distributions of Net Cash Flow and proceeds of a Capital Transaction (collectively, the "GP Pledged Payments"). The General Partner irrevocably directs the Partnership to pay to SHF any GP Pledged Payments at any time that there is an unsatisfied obligation secured by the Pledged Payments. The Partnership and the Partners shall treat any GP Pledged Payments made by the Partnership to SHF as a payment by the Partnership to the General Partner of the particular GP Pledged Payment and a payment by the GP to SHF of the particular obligation owed to SHF; without limiting the generality of the foregoing, to the extent a Tax Credit Compliance Guaranty Obligation is paid through the distributions under Article 9, such payment shall be treated as a payment or distribution to the General Partner and then a payment of the Tax Credit Compliance Guaranty Obligation by the GP to SHF. If there is more than one type of outstanding obligation owed at the time a GP Pledged Payment is made to SHF, SHF in its sole discretion shall decide to which secured obligation the GP Pledged Payments shall be applied. This Section 6.13(b) shall constitute a security agreement under applicable law. In addition, the General Partner grants SHF a right of offset against GP Pledged Payments with respect to all amounts due to the General Partner under this Agreement.

6.14 Reserve For Replacements. On the first day of each calendar month commencing after Completion, the Partnership shall fund a Reserve For Replacements (the annual amount of contributions to the Reserve For Replacements shall be funded in twelve (12) equal monthly payments). The Reserve For Replacements shall be funded as follows: (i) from the date of Completion until the date five (5) years after the date of Completion, the Reserve for Replacements shall be funded based on $250 per apartment unit per year; (ii) from the date five (5) years from the date of Completion until the date ten (10) years after the date of Completion, the Reserve For Replacements shall be funded based on $300 per apartment unit per year; and (iii) with respect to each subsequent five (5) year period, the required funding shall be increased by $50 per apartment unit per five-year period, provided that after the tenth (10th) year after the date of Completion the General Partner shall increase the minimum funding of the Reserve For Replacements if reasonably necessary to ensure that such increase is reasonably necessary to comply with sound asset management principles. With the Consent of SHF, the General Partner may make withdrawals from the Reserve For Replacements solely for the purpose of paying the cost of capital items, which shall consist of the acquisition or replacement of property expected to have a useful life of two (2) years or more and the cost of repairs to property that will extend the useful life of such property by two (2) years or more. Examples of such capital items and repairs are outlined in Exhibit K attached hereto. If the Term Loan Documents impose more strict requirements regarding the funding and/or use of Reserve For Replacements, such more strict requirements shall apply.
6.15 Selection of Property Manager; Management Agreement.

(a) The General Partner shall cause the Partnership at all times during which the Partnership owns the Apartment Complex to engage a Property Manager to provide property management services for the Partnership with respect to the Apartment Complex pursuant to a management agreement in the form of Exhibit G attached hereto (the "Management Agreement").

(b) The General Partner and SLP shall at least once each Fiscal Year review the performance of the Property Manager and recommend to SHF in writing whether to continue the Management Agreement with the then current Property Manager or whether to replace such Property Manager. The recommendation of the General Partner and SLP shall be implemented by the Partnership provided that the General Partner has obtained the Consent of SHF, which Consent shall not be unreasonably withheld, except as provided in Section 6.15(c) of this Agreement and subject to SHF’s rights under Section 6.16.

(c) Notwithstanding anything to the contrary herein, no Affiliate of the General Partner shall act as the Property Manager without the prior written Consent of SHF which may be withheld in its sole discretion. SHF hereby consents to Churchill Residential Management, L.P., a Texas limited partnership, an Affiliate of the SLP, as the initial Property Manager. The Consent to the use of an Affiliate Property Manager as to the initial Property Management Agreement or any renewal thereof shall not prevent SHF from withholding its Consent in connection with a periodic performance review pursuant to Section 6.15(b) of this Agreement or from causing the Partnership to remove the Property Manager pursuant to Section 6.16 of this Agreement.

6.16 Removal of the Property Manager. At the request of SHF, the General Partner shall cause the Partnership to terminate the Management Agreement then in place and appoint a replacement Property Manager (for which SHF has given its Consent) and execute a new Management Agreement if any of the following events occur: (a) if the Property Manager becomes Bankrupt; (b) if the Property Manager defaults in its obligations under the Management Agreement and fails to cure such default within any applicable cure period provided therein; (c) if SHF is the holder of any outstanding LP Loans which LP Loans were made during the period that such Property Manager was engaged by the Partnership; (d) if there are any Tax Credit Shortfalls attributable to the Property Manager’s noncompliance with the Tax Credit Tests and the SLP has not made the payment required under Section 6.9(d)(i) with respect to such Tax Credit Shortfall; (e) if the Property Manager is an Affiliate of the SLP and cause for removal of the SLP exists under this Agreement, (f) if the Property Manager is an Affiliate of the General Partner and cause for removal of the General Partner exists under this Agreement, (g) if there is a voluntary or involuntary sale or assignment of a majority of the ownership interests in the Property Manager, and (h) if an Operating Deficit is reasonably anticipated to occur which exceeds the amount of the Operating Deficit Loans which the SLP is obligated to make. The General Partner shall cause such replacement to occur on the date designated by SHF in such written request, which date must be not less than forty-five (45) days from the date of such written request.

6.17 Environmental Matters.
(a) (i) The SLP represents and warrants that it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Materials at, upon, under or within the Land or any contiguous real estate and (ii) each of the SLP and the General Partner represents and warrants that it has not caused or permitted to occur, and it shall not knowingly permit to exist, any condition which may cause a discharge of any Hazardous Materials at, upon, under or within the Land or on any contiguous real estate.

(b) The General Partner further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party is or will be involved in operations at or, pursuant to the General Partner's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Environmental Laws as to the Partnership or (B) the creation of a lien on the Land under the Environmental Laws; and (ii) the General Partner has not permitted, and will use best efforts not to permit, any tenant or occupant of the Apartment Complex to engage in any activity that could impose liability under the Environmental Laws on such tenant or occupant, on the Land or on any other owner of the Apartment Complex.

(c) The General Partner shall comply strictly and in all respects with all material requirements of the Environmental Laws.

(d) The SLP shall at all times indemnify and hold harmless the Partnership, SHF and SHF's Affiliates against any claims, actions, damages, costs, losses, obligations, judgments and expenses incurred by them relating to Pre-Existing Environmental Conditions, including (A) costs and expenses related to the removal or abatement of Pre-Existing Environmental Conditions, (B) costs related to claims against the Partnership by third parties for the clean-up of properties owned by such third parties attributable to Pre-Existing Environmental Conditions, (C) costs related to claims against the Partnership by third parties for bodily injury or property damage attributable to Pre-Existing Environmental Conditions and (D) legal defense costs related to the foregoing. Notwithstanding the foregoing, the SLP may cause the Partnership to use Permitted Sources to pay costs and expenses related to the removal or abatement of Pre-Existing Environmental Conditions if and to the extent (i) such use does not violate any of the Project Documents, (ii) such use does not cause the Permitted Sources to be "out-of-balance" as a source of payment for anticipated remaining Development Costs, and (iii) such use does not pay costs and expenses attributable to a breach of laws by the SLP or the General Partner, the negligence of the SLP or the General Partner or the violation of this Agreement by the General Partner or the SLP.

(e) The SLP further represents and warrants that neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the SLP's best knowledge, near the Land, which operations could lead to (i) a determination of liability under the Environmental Laws as to the Partnership or (ii) the creation of a lien on the Land under the Environmental Laws.

6.18 Tax Matters Partner.

(a) The General Partner hereby is designated as Tax Matters Partner of the Partnership, and shall engage in such undertakings as are required of the Tax Matters Partner of
the Partnership, as provided in regulations pursuant to Section 6231 of the Code. Each Partner, by its execution of this Agreement, Consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

(b) Notwithstanding any other provision of this Agreement, SHF hereby is granted the authority at any time to be admitted, or to cause an Affiliate of SHF to be admitted, as a General Partner by converting all or any portion of SHF’s limited partnership Interest to a general partnership Interest for the purpose of acting as the Tax Matters Partner. Unless otherwise specifically provided or agreed, the new Tax Matters Partner in these circumstances will not be responsible for or have the right to conduct any operational or managerial functions of the Partnership besides those required to discharge its responsibilities as Tax Matters Partner. SHF may exercise its right to assume or cause an Affiliate to assume the Tax Matters Partner responsibilities for the Partnership, as provided herewith, upon ten (10) days Notice to the then existing General Partner, and may continue as Tax Matters Partner indefinitely. If SHF exercises such right hereunder, the former Tax Matters Partner will resign in accordance with Regulation Section 6231(a)(7)-1(i) and will designate SHF or its Affiliate as Tax Matters Partner in accordance with Regulation Section 301.6231(a)(7)-1(e). Each Partner, by its execution of this Agreement Consents to such admission and designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent. SHF or its Affiliate shall, upon admission as the Tax Matters Partner, replace the then existing General Partner as Tax Matters Partner and shall have thereafter all the authority and powers given to the then existing General Partner as Tax Matters Partner of the Partnership under the Code and under this Agreement; provided, however, SHF, or its Affiliate, as Tax Matters Partner, shall not be entitled to settle any claim by the Internal Revenue Service without the consent of SLP, which will not be unreasonably delayed or withheld, if such settlement would result in a Tax Credit Shortfall or Tax Credit Loss Event.

(c) The Tax Matters Partner is hereby authorized, but not required to do the following:

(i) to enter into any settlement with the IRS or the Secretary with respect to any tax audit or judicial review, in which agreement the Tax Matters Partner may expressly state that such agreement shall bind the other Partners, except that such settlement agreement shall not bind any Partner who (within the time prescribed pursuant to the Code and regulations thereunder) files a statement with the Secretary providing that the Tax Matters Partner shall not have the authority to enter into a settlement agreement on behalf of such Partner;

(ii) if a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for tax purposes (a "final adjustment") is mailed to the Tax Matters Partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Partnership's principal place of business is located, or the United States Claims Court;
(iii) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(iv) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file a petition for judicial review with respect to such request;

(v) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and

(vi) to take any other action on behalf of the Partners or the Partnership in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or regulations.

6.19 Expenses of Tax Matters Partner. The Partnership shall indemnify and reimburse the Tax Matters Partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to Partnership tax matters. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or from the proceeds of a Capital Transaction or any discretionary reserves are set aside by the General Partner. The General Partner shall have the obligation to provide funds for such purpose to the extent that Partnership funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Tax Matters Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Partner and the provisions on limitations of liability of the General Partner and indemnification set forth in Section 6.8 of this Agreement shall be fully applicable to the Tax Matters Partner in its capacity as such.

6.20 Security Agreements and Guarantees.

(a) Concurrently with the execution hereof, Guarantor shall execute the Guaranty.

(b) Concurrently with the execution hereof, Churchill Communities shall execute a security agreement in favor of SHF and in a form satisfactory to SHF pursuant to which Churchill Communities pledges its Development Fee to secure the SLP's obligations hereunder.

(c) Concurrently with the execution hereof, LifeNet shall execute a security agreement in favor of SHF and in a form satisfactory to SHF pursuant to which LifeNet pledges its Development Fee to secure the SLP's and the General Partner's obligations hereunder.

6.21 Duties of SLP. If at any time during the construction or rehabilitation of the Apartment Complex, (i) construction or rehabilitation stops or is suspended for a period of twenty (20) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the SLP (A) Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may
not be achieved, the SLP shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to SHF and the General Partner.

6.22 Additional Loans. SHF acknowledges the General Partner desires to obtain additional grants and/or soft loans for the Partnership to pay certain Development Costs. The Partnership may not, either directly or indirectly through the General Partner or an Affiliate of General Partner, obtain any such grants or soft loans without the Consent of SHF. The proceeds of any grant or soft loan shall be distributed in accordance with Section 9.1.

6.23 Refinancing of Term Loan. SHF may request the Partnership to seek refinancing the Term Loan on terms satisfactory to SHF.

Article 7
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

7.1 Limitation on Liability of Limited Partners. Except as may otherwise be provided under applicable law, no Limited Partner shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Partnership; provided, however, nothing contained in this sentence shall limit the obligations of the SLP to the SHF under this Agreement or any agreement executed by the SLP for the benefit of the SHF. No Limited Partner shall have any obligations to make any Capital Contributions other than as required under Article 5 of this Agreement. No Limited Partner shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall any Limited Partner be personally liable for any obligations of the Partnership; provided, however, nothing contained in this sentence shall limit the obligations of the SLP to the SHF under this Agreement or any agreement executed by the SLP for the benefit of the SHF.

7.2 Other Activities. Any Limited Partner may engage in or possess interests in other business ventures of every kind and description, independently or with others, including without limitation, serving as general or limited partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

7.3 Insurance Obtained by SHF. SHF and its Affiliates shall have the right, but not the obligation, to obtain one or more policies of insurance related to the Apartment Complex, including, without limitation, policies related to earthquakes, environmental liabilities and acts of war or terrorism (the "LP Policies"); provided, however, that LP Policies shall not include any Forced Place Coverage (as defined in Exhibit H to this Agreement). SHF shall pay all insurance premiums and other costs of obtaining LP Policies without any right of reimbursement from the Partnership, SLP or the General Partner. SHF shall have sole control over the terms of the LP Policies, including choice of insurer, policy limits, risks covered, exclusions from coverage, and the designation of insureds (which designation may or may not include the Partnership). Neither the Partnership, the General Partner nor the SLP shall have any right to approve or to Consent to the terms of any LP Policy. Unless SHF otherwise agrees, in its sole and absolute discretion,
neither the Partnership, the General Partner nor SLP shall have any right to provide notice of a claim under an LP Policy, to submit a claim under an LP Policy, to receive any proceeds of an LP Policy or to make any decisions or elections under an LP Policy. Nothing in this Section shall modify the obligations of the General Partner to cause the Partnership to obtain insurance coverage as provided elsewhere in this Agreement.

Article 8
TRANSFERS OF PARTNER INTERESTS, WITHDRAWAL, ADMISSION OF SUBSTITUTE PARTNERS

8.1 Transfers.

(a) Neither the General Partner nor the SLP may sell, transfer, pledge, hypothecate, assign, encumber or otherwise dispose of (whether voluntarily, involuntarily or by operation of law) all or any part of its Interest as a Partner without the prior Consent of SHF, which Consent may be withheld in its sole and absolute discretion. For purposes of this Section 8.1(a) and without limiting the application of the immediately preceding sentence, the sale, transfer, pledge, hypothecation or assignment of an actual or beneficial interest in or within the General Partner or SLP or any entity with a direct or indirect ownership interest in the General Partner or SLP shall be deemed to constitute an event that is in violation of this Section 8.1(a). Notwithstanding the foregoing, Brad Forslund ("Forslund") and J. Anthony Sisk ("Sisk") may transfer their respective interest in the SLP between each of them or to a trust for the benefit of either of them, their spouses or their children, provided that either Forslund or Sisk have sole voting power with respect to the interests in the SLP.

(b) Upon the occurrence of an event that is a violation of Section 8.1(a) of this Agreement or that is a withdrawal of the General Partner or the SLP in violation of Section 8.2 of this Agreement, the applicable Partner shall be deemed immediately prior to such event to have assigned to SHF its Interest as a Partner.

(c) No Limited Partner may sell, transfer, pledge hypothecate or assign all or any part of its Interest as Limited Partner without the prior Consent of the General Partner, which Consent may be withheld in its sole and absolute discretion. SHF may not sell, transfer, pledge hypothecate or assign all or any part of its Interest as Limited Partner without the prior Consent of the SLP, which Consent may be withheld in its sole and absolute discretion. Nothing in this Section 8.1(c) shall limit the authority of the partners in SHF to sell, transfer, pledge, hypothecate or assign interests within SHF, in the sole discretion of SHF and its partners.

(d) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Partner of its Interest until the evidence of such transfer is delivered to the other Partners.

(e) Any Person who is the assignee of all or any portion of a Limited Partner's Interest, but does not become a Substitute LP, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Section 8.1 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.
(f) If the General Partner or SLP becomes the subject of Bankruptcy proceedings pursuant to the Bankruptcy Code, then (i) any other Partner shall thereupon be entitled to immediate relief from any automatic stay imposed by Section 362 of the Bankruptcy Code or otherwise, on or against the exercise of the rights and remedies available to such Partner pursuant to this Agreement or otherwise, and (ii) any Partner may apply or move the bankruptcy court in which the Bankruptcy proceedings are pending for a change of venue to the bankruptcy court where the Partnership has its principal place of business and the General Partner and SLP agree not to oppose or object to such application or motion in any way. The foregoing shall in no way preclude, restrict or prevent the General Partner or SLP from filing for protection under the Bankruptcy Code.

(g) This is an agreement under which applicable law excuses SHF from accepting performance from any Partner which is a debtor in a case under the Bankruptcy Code, from a trustee of any such debtor and from the assignee of any such debtor or trustee. SHF has entered into this Agreement with each of the General Partner and SLP in reliance upon its unique knowledge, experience and expertise, and that of its principals in the planning and implementation of the development of the Apartment Complex and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The General Partner expressly agrees that SHF shall not be required to accept performance under this Agreement from any person other than the General Partner, including, without limitation, any trustee of the General Partner appointed under the Bankruptcy Code, and any assignee of any such trustee. The SLP expressly agrees that SHF shall not be required to accept performance under this Agreement from any person other than the SLP, including, without limitation, any trustee of the SLP appointed under the Bankruptcy Code, and any assignee of any such trustee.

8.2 Withdrawal. Neither the SLP nor the General Partner may withdraw from the Partnership without the prior Consent of SHF, which Consent may be withheld in its sole and absolute discretion.

8.3 [Intentionally Left Blank].

8.4 [Intentionally Left Blank].

8.5 Admission of an Additional Limited Partner Following Dilution. After the Greatest Excess LP Loan Amount at any time exceeds $50,000, notwithstanding anything to the contrary herein, SHF shall have the right, power and authority to cause one or more entities to be admitted as an additional Limited Partner, provided that the Interest in the Partnership of such additional Limited Partner is derived from the Interest in the Partnership of SHF (after taking into consideration the effect of the Greatest Excess LP Loan Amount exceeding $50,000 on the Interests of all the Partners).

8.6 Removal/Withdrawal.

(a) The General Partner may be removed and cease to be the General Partner of the Partnership only upon the following events (an event set forth in Section 8.6 shall not be grounds for removal of the General Partner):
Upon the affirmative vote or written consent of SHF to remove the General Partner, specifying one of the following causes (unless the breach, default or other removal event is cured within thirty (30) days after written notice specifying the breach, default or removal event is delivered to the General Partner by SHF or if such breach, default or other removal event is not susceptible to cure within such 30 day period, the General Partner has commenced to cure such breach, default or other removal event within such 30 day period, the General Partner continues to take action to cure such breach, default or other removal event after such 30 day period and such cure is effected no later than 90 days after written notice specifying the breach, default or removal event is delivered to the General Partner by SHF; provided, however, there shall be no cure period for fraud or misappropriation of funds):

(A) any intentional misconduct or failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as the General Partner (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership) (removal under this clause (A) shall be permitted even if the General Partner satisfies its indemnity obligations under Section 6.9 hereof);

(B) the General Partner or the Partnership shall have violated any provisions of law or any Project Document or any provisions of the Project Lenders, and/or Agency requirements applicable to the Apartment Complex, which violation has not been explicitly waived in writing by the Project Lenders, the Agency or the other party to such Project Document, as applicable (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership);

(C) the General Partner shall have breached any of its representations or warranties in any material respect or shall have breached any material provision of this Agreement; or

(D) a GP Misconduct Event has occurred which is not cured within 30 days of Notice of the Misconduct Event (except there shall be no cure period for fraud or misappropriation of funds).

(2) Upon a default by the Partnership under any of the Project Loans due to the acts or omissions of the General Partner or any Affiliate thereof, which default remains uncured after the expiration of any applicable cure period.

(3) Upon the Bankruptcy of the General Partner; or

(4) If an event occurs prior to Stabilization which shall be cause for removal of the general partner, manager or managing member of any GP Affiliated Entity and such removal has not been cured within the cure period, if any, set forth in the partnership or operating agreement for the applicable Affiliated Entity.
(b) The SLP may be removed and cease to be the SLP of the Partnership only upon the following events:

(1) Upon the affirmative vote or written consent of SHF to remove the SLP, specifying one of the following causes (unless the breach, default or other removal event is cured within thirty (30) days after written notice specifying the breach, default or removal event is delivered to the SLP by SHF or if such breach, default or other removal event is not susceptible to cure within such 30 day period, the SLP has commenced to cure such breach, default or other removal event within such 30 day period, the SLP continues to take action to cure such breach, default or other removal event after such 30 day period and such cure is effected no later than 90 days after written notice specifying the breach, default or removal event is delivered to the SLP by SHF; provided, however, there shall be no cure period for fraud or misappropriation of funds):

(A) any intentional misconduct or failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as the SLP (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership) (removal under this clause (A) shall be permitted even if the SLP satisfies its indemnity obligations under Section 6.9 hereof);

(B) the SLP or the Partnership shall have violated any provisions of law or any Project Document or any provisions of the Project Lenders, and/or Agency requirements applicable to the Apartment Complex, which violation has not been explicitly waived in writing by the Project Lenders, the Agency or the other party to such Project Document, as applicable (provided that such violation has resulted in, or is likely to result in, a material detriment to or an impairment of the Apartment Complex or assets of the Partnership);

(C) the SLP shall have breached any of its representations or warranties in any material respect or shall have breached any material provision of this Agreement (including, without limitation, its obligations under Sections 5.1(a)(ii), 5.1(c), 6.9 and 6.17); or

(D) an SLP Misconduct Event has occurred which is not cured within 30 days of Notice of the Misconduct Event (except there shall be no cure period for fraud or misappropriation of funds).

(2) Upon a default by the Partnership under any of the Project Loans due to the acts or omissions of the SLP or any Affiliate thereof, which default remains uncured after the expiration of any applicable cure period.

(3) Upon the Bankruptcy of the SLP or Guarantor; or

(4) The Guarantor attempts to revoke or repudiate the Guaranty or a default by the Guarantor occurs under the Guaranty.
(c) Notice of the removal of the General Partner or SLP shall be given by SHF to the General Partner. Such Notice shall set forth the date on which the removal is to become effective, which date shall not be less than thirty (30) days after such notice is delivered. This Notice may be the same as the notice of a breach delivered pursuant to Section 8.6(a)(1) or (b)(1); provided, however, in such case the removal shall not be effective until the cure period specified in Section 8.6(a)(1) or (b)(1), as the case may be, expires without cure of the applicable default or breach. On the effective date set forth in such Notice with respect to the General Partner, the General Partner shall cease to be a general partner of the Partnership and the powers and authorities conferred on the General Partner hereunder or under applicable law for general partners of limited partnerships shall cease. On the effective date set forth in such Notice with respect to the SLP, the SLP shall cease to be a limited partner of the Partnership and the powers and authorities conferred on the SLP hereunder or under applicable law for limited partners of limited partnerships shall cease.

(d) In the event of the removal of the General Partner pursuant to this Section 8.6 or withdrawal of the General Partner, (i) the General Partner shall cease to have any Interest in the Partnership, (ii) the General Partner shall not be entitled to any distributions or allocations from the Partnership, and (iii) the General Partner shall not be entitled to any payments of any fees, including the Incentive Partnership Management Fee, relating to the period of time after the date of its removal. Such General Partner shall be entitled, however, to receive repayment of any GP Loans in the time and manner specified in this Agreement.

(e) In the event of the removal of the SLP pursuant to this Section 8.6 or withdrawal of the SLP, (i) the SLP shall cease to have any Interest in the Partnership, (ii) the SLP shall not be entitled to any distributions or allocations from the Partnership, (iii) the SLP shall not be entitled to any repayment of Operating Deficit Loans, and (iv) the SLP shall not be entitled to any payments of any fees, including the Incentive Partnership Management Fee, relating to the period of time after the date of its removal. Such SLP shall be entitled, however, to receive repayment of any SLP Loans in the time and manner specified in this Agreement.

(f) The General Partner shall cooperate reasonably and in good faith in effecting the orderly and efficient transition after its removal or withdrawal, including providing the substitute general partner with all books, accounts and property of the Partnership in the possession or control of the General Partner.

(g) Any reduction in the Interest of the General Partner or SLP in connection with a removal thereof shall be payable to SHF or its designee.

(h) The removal or withdrawal of the General Partner shall not affect its duties, obligations and liabilities hereunder, except that (i) the General Partner shall not be liable for any liabilities and obligations directly arising from the negligence, intentional misconduct or breach of this Agreement by any substitute general partner, and (ii) the General Partner shall not have an obligation to manage the affairs of the Partnership Agreement
Farmers Branch Senior Community, L.P.
Partnership. Without limiting the generality of the foregoing, after removal, the General Partner shall remain obligated as provided in Section 6.9 of this Agreement.

(i) The removal or withdrawal of the SLP shall not affect its duties, obligations and liabilities hereunder, except that the SLP shall not be liable for any liabilities and obligations directly arising from the negligence, intentional misconduct or breach of this Agreement by any substitute special limited partner. Without limiting the generality of the foregoing, after removal, the General Partner shall remain obligated as provided in Section 6.9 of this Agreement.

(j) The General Partner and SLP shall cooperate reasonably and in good faith to obtain any Consents, which SHF deems necessary or appropriate to further document or evidence the removal of the General Partner or SLP and the admission of any substitute general partner, including, but not limited to, any Consents required by the Agency, any Project Lender or any party providing credit enhancement in connection with a Project Loan.

(k) The General Partner and SLP shall execute such additional documents and instruments as SHF may reasonably request to effect, document, evidence and consummate the withdrawal of the General Partner or SLP pursuant to this Section 8.6. Each of the General Partner and SLP hereby grants to each of RSI, and Howard Heitner and Michael L. Fowler, as authorized agent and Vice President of RSI, respectively, a power-of-attorney to execute such documents on behalf of the General Partner or the SLP, as appropriate; provided, however, that such persons shall not exercise such power-of-attorney if the General Partner or SLP, as the case may be, is contesting the removal in good faith and unless and until it has submitted the requested documents to the General Partner or SLP, and the General Partner or SLP has failed to execute such documents within three days of its receipt of such documents. The foregoing powers-of-attorney are irrevocable and coupled with an interest.

(l) SHF's right of removal under this Section 8.6 is cumulative with all of its other rights and remedies under this Agreement.

8.7 Admission of Additional or Substitute Partners.

(a) Except as provided in Sections 6.18, 8.1, 8.4 and 8.5 of this Agreement, the admission of an additional General Partner or additional Limited Partner shall require the Consent of the Partners (which may be granted or withheld in their sole and absolute discretion).

(b) Subject to the other provisions of this Section 8.7, an assignee of the Interest of a Limited Partner shall be admitted as a substitute limited partner ("Substitute LP") of the Partnership only upon the satisfactory completion of the following:

(i) the assignee has accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the General Partner may reasonably require in order to effect the admission of such Person as a Limited Partner;
(ii) the assignee has provided the General Partner with evidence reasonably satisfactory to Counsel for the Partnership of its authority to become a Limited Partner under the terms and provisions of this Agreement; and

(iii) the assignee or the assignor has reimbursed the Partnership for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership in connection with such assignment.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute LP shall be treated as having become, and as appearing in the records of the Partnership as, a Partner upon its signing of an amendment to this Agreement agreeing to be bound hereby.

(d) The General Partner shall cooperate with the Person seeking to become a Substitute LP by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as a Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Limited Partner of the conditions contained in this Section 8.7 to the admission of such Person as a Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute LP.

Article 9
DISTRIBUTIONS

9.1 Distribution of Net Cash Flow.

(a) Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) First, to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances and then to the payment of any accrued but unpaid Asset Management Fee (including interest thereon);

(ii) Next, the NCF Percentage of the remainder shall be used as follows:

(A) First, to pay any Tax Credit Compliance Guaranty Obligations;

(B) Next to pay the Deferred Development Fee;

(C) Next, to pay the Operating Deficit Loans pro-rata in accordance with the unpaid balances thereof;
(D) Next, up to the maximum amount payable as an Incentive Partnership Management Fee less the amounts paid under clause (A) of this subparagraph (ii) on such Payment Date shall be divided (A) 12.5% first, if the General Partner has a positive Capital Account, to make a distribution to the General Partner equal to such positive Capital Account and then to pay the Incentive Partnership Management Fee payable to the General Partner and (B) 87.5% first, if SLP has a positive Capital Account, to make a distribution to SLP equal to such positive Capital Account, then to pay the Incentive Partnership Management Fee to SLP;

(E) Thereafter, 12.5% to the General Partner and 87.5% to SLP as a distribution;

(iii) Thereafter, the remaining Net Cash Flow shall be paid to the Partners as a distribution, pro rata in accordance with their Percentage Interests.

(b) The Partnership shall not distribute Net Cash Flow prior to Stabilization.

9.2 Distribution of Proceeds from Capital Transaction (Other Than in Connection with a Liquidation). The proceeds resulting from a Capital Transaction (other than a sale or other disposition of the property of the Partnership in connection with a liquidation and dissolution of the Partnership which is governed by Section 9.3 of this Agreement) shall be used and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including any Project Loan) and all expenses of the Partnership incident to any such sale or refinancing), but excluding unsecured debts and liabilities of the Partnership to the Partners or former Partners and the Asset Management Fee and Deferred Development Fee;

(b) to the setting up of any reserves which the General Partner deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) (i) to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, until paid in full, and then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances until paid in full; (ii) then to the payment of accrued but unpaid Asset Management Fee (including interest thereon), (iii) then to pay any Tax Credit Compliance Guaranty Obligations; (iv) then to pay the unpaid Development Fee and (v) then to the payment of any other debts and liabilities (including unpaid fees) owed to the Partners or former Partners for Partnership obligations that are expressly permitted under this Agreement (other than Operating Deficit Loans and Incentive Partnership Management Fee);

(d) to the payment of any Operating Deficit Loans pro-rata in accordance with the unpaid balances thereof; and

(e) thereafter, to the Partners in the following percentages: (i) the NCF Percentage shall be divided 12.5% to the General Partner and 87.5% to SLP as a distribution; and (ii) the remainder to SHF as a distribution.

66 Partnership Agreement
Farmers Branch Senior Community, L.P.
9.3 Distribution Upon Liquidation. The net proceeds resulting from the liquidation of the Partnership shall be used and applied in the following order of priority:

(a) to the payment of all debts and liabilities of the Partnership (including any Project Loans) and all expenses of the Partnership incident to any such dissolution and liquidation, but excluding unsecured debts and liabilities of the Partnership to the Partners or former Partners and the Asset Management Fee and Deferred Development Fee;

(b) to the setting up of any reserves which the Liquidator deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) (i) to the payment of any outstanding Excess LP Loan Amount or Excess SLP Loan Amount, as the case may be, until paid in full, and then to the payment of any remaining LP Loans and SLP Loans pro rata based on their respective outstanding balances until paid in full; (ii) then to the payment of accrued but unpaid Asset Management Fee (including interest thereon), (iii) then to pay any Tax Credit Compliance Guaranty Obligations; (iv) then to pay the unpaid Development Fee and (v) then to the payment of any other debts and liabilities (including unpaid fees) owed to the Partners or former Partners for Partnership obligations that are expressly permitted under this Agreement (other than Operating Deficit Loans and Incentive Partnership Management Fee);

(d) to the payment of any Operating Deficit Loans pro-rata in accordance with the unpaid balances thereof; and

(e) thereafter, to the Partners in accordance with the Partners' respective positive Capital Account balances as determined by taking into account all Capital Account adjustments required by Exhibit I and otherwise required by this Agreement.

9.4 Project Documents. Notwithstanding the foregoing, the General Partner shall not cause or permit the Partnership to fund a distribution or payment pursuant to this Article 9 if such distribution or payment would constitute a default under any Project Document.

Article 10
ALLOCATION PROVISIONS, CAPITAL ACCOUNTS

Exhibit I attached hereto provides for the maintenance of Capital Accounts and the allocation of profits and losses of the Partnership. Each and all of the provisions of Exhibit I are made a part hereof, are incorporated herein and shall constitute a part of this Agreement.

Article 11
DISSOLUTION AND LIQUIDATION

11.1 General. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:
(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 8.3 of this Agreement, unless SHF within ninety (90) days after the occurrence of such event, elects a successor General Partner and elects to continue the business of the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership;

(c) the election by the General Partner, with the Consent of SHF and SLP; or

(d) any other event causing the dissolution of the Partnership under the Act and which under the terms of the Act cannot be waived in a written partnership agreement.

11.2 Winding Up of Partnership. Upon the dissolution of the Partnership pursuant to this Article 11, (i) a Certificate of Cancellation shall be filed in such offices within the State as may be required or appropriate, and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Article 11. The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. The net proceeds resulting from such liquidation shall be distributed and applied pursuant to Section 9.3 of this Agreement. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

11.3 Accountant's Statement. Upon the dissolution and liquidation of the Partnership pursuant to this Section, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

Article 12
BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS

12.1 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with sound federal income tax accounting principles. These and all other records of the Partnership, including information relating to the status of the Apartment Complex and information with respect to the sale by the General Partner or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership (or the SLP) and shall be available for examination there by any Partner, or its duly
authorized representative, at any and all reasonable times. SHF shall have the right, at any and all reasonable times, to review and copy, at SHF’s expense, the books, records and accounts (including bank account records and ledgers) of the Partnership, the General Partner, the SLP, the Developers or any Affiliate of the General Partner or the SLP providing materials and or services to the Partnership to the extent that such books, records and accounts relate to the Partnership, the Land and the Apartment Complex, but not otherwise. Any such review shall be conducted during normal business hours at the General Partner’s or SLP’s principal place of business by the Person chosen by SHF, in its sole and absolute discretion. If SHF determines there are material misstatements in the applicable books and records, the party whose books and records are inaccurate shall (a) correct such misstatements at such party's expense (from non-Partnership funds) and (b) immediately return all unauthorized distributions, overcharges and payments to the Partnership. Such return of funds shall not be treated as either a loan or a Capital Contribution to the Partnership. The General Partner and SLP shall cooperate with SHF reasonably and in good faith to implement the terms of this Section 12.1. Any Partner, or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of all Partners and a copy of all Partnership, SLP and General Partner records.

12.2 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business only and for the benefit of the Partnership on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

12.3 Tax Returns.

(a) The General Partner shall select a firm of certified public accountants to prepare the Partnership income tax returns. The General Partner may select any of the following as the accountants for the Partnership: KPMG Peat Marwick, Novogradac & Company, Reznick Group, P.C., or such other firm of independent certified public accountants as may be engaged by the General Partner with the Consent of SHF. If the reporting requirements set forth in Section 12.4 of this Agreement are not met, SHF, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of SHF; provided, however, that if the General Partner and SHF cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by SHF in its reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

(b) With respect to each Fiscal Year during the Partnership's operations, at such time as the Accountants have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to SHF for its review and comment. Any changes in such proposed tax return reasonably recommended by SHF's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner.
12.4 Reports to Partners.

(a) Not less than seventy-five (75) days prior to the commencement of each Fiscal Year, the General Partner and the SLP shall submit to SHF for its review and Consent (which Consent shall not be unreasonably withheld), proposed operating and capital budgets for the Apartment Complex and the Partnership for the next Fiscal Year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to any Project Loan, capital improvements, and all budgeted expenses which are to be paid to the General Partner, SLP or any of their Affiliates. SHF shall submit its response to such proposed budgets to the General Partner and SLP within forty-five (45) days after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto. If no such response is submitted to the General Partner or SLP within such period, SHF will be deemed not to have approved such budget. The General Partner, SLP and the SHF shall cooperate in good faith to resolve any disputes regarding any proposed budget. If the General Partner, SLP and the SHF are unable to agree on a budget within 30 days after the SHF has submitted its objections to the General Partner and SLP, any Partner shall be entitled to submit the disputed items to binding arbitration in accordance with the rules of the American Arbitration Association before an arbitrator acceptable to the Partners. During the pendency of the consideration of any such budget and resolution of any dispute regarding such budget, the General Partner shall continue to be authorized to manage the Partnership in accordance with the applicable budget most recently approved by the SHF, as adjusted for modifications which have been approved by the SHF and increases for expenditures not reasonably within the control of the General Partner such as taxes, utilities, insurance premiums and emergency repairs or replacements.

(b) The General Partner shall cause to be prepared and distributed to all Persons who were Partners at any time during a Fiscal Year:

(i) within seventy-five (75) days after the close of each Fiscal Year, audited financial statements prepared by the Accountants in accordance with generally accepted accounting principles, and such financial information with respect to each Fiscal Year as shall be reportable for federal and state income tax purposes.

(ii) within thirty-five (35) days after the end of each month, a report of operations for such month containing:

(A) a balance sheet, which may be unaudited;

(B) a statement of income and expense and a cash flow statement for the month and the period then ended, which may be unaudited;

(C) a rent roll certified by the Property Manager and the General Partner;
(D) until the occurrence of Stabilization, an update of the Development Budget based on actual costs and cash flow, showing all variances of actual costs and cash flow from the original Development Budget; and

(E) other pertinent information regarding the Partnership and its activities during the period covered by the report.

(c) Within seventy-five (75) days after the end of each Fiscal Year, the General Partner shall provide to SHF:

(i) a certification by the General Partner that (A) all Project Loan payments and taxes and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof;

(ii) the information specified in Section 12.4(d) of this Agreement;

(iii) a descriptive statement of all transactions during the Fiscal Year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments);

(iv) a Net Cash Flow statement; and

(v) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing.

(d) Upon the written request of any Limited Partner for further information with respect to any matter covered in items (a), (b) or (c) above, the General Partner shall furnish such information within 30 days of receipt of such request.

(e) The General Partner, on behalf of the Partnership, shall send to SHF, on or before July 31 in each year, a report which shall state for the six-month period ended June 30 of such year:

(i) the occupancy level of the Apartment Complex, certified by the Property Manager and the General Partner;

(ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Operating Deficits will be funded; and

(iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the General Partner is aware.
(f) Prior to November 15 of each year, the General Partner, on behalf of the Partnership, shall send to SHF an estimate of such Partner's share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current Fiscal Year.

(g) Within fifteen (15) days after one of the following events occurs, the General Partner shall send SHF a detailed report thereof:

(i) there is a default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligation on secured or unsecured debt;

(ii) any reserve has been reduced or terminated by application of funds therein for purposes different from those for which such reserve was established; or

(iii) the General Partner has received any notice of a material fact which may substantially affect further distributions, or may materially and adversely affect the Partnership, the Apartment Complex or the Partners.

(h) The General Partner, on behalf of the Partnership, shall send to SHF, a copy of all applicable periodic reports covering the status of the Apartment Complex as may be required by the Agency or any Project Lender, within ten (10) days of submission of such reports to the Agency and/or applicable Project Lender.

(i) If the reports or information provided for in Sections 12.4(a), (b) and (c) of this Agreement are, at any time, not provided within the time frames set forth therein or within five days after demand is made, the General Partner shall be obligated to pay to SHF the sum of $250 per day, as liquidated damages, for each day from the date upon which such reports or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such reports or information is (are) provided; however, that any delays beyond the aforesaid dates in the provision of the applicable reports or information due to factors beyond the control of the General Partner and the Accountants may be a cause for waiver of the aforesaid liquidated damages, but only if the delayed reports or information were supplied by the applicable aforesaid date in a draft or estimated form.

(ii) If the reporting requirements set forth in any of the above provisions of this Section 12.4 are not met, SHF, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the Consent of SHF; provided, however, that if the General Partner and SHF cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by SHF in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the General Partner out of Partnership funds.

12.5 Asset Management Fee. Commencing with the Fiscal Year in which the Partnership first receives revenue from renting apartments in the Apartment Complex, the Partnership shall pay, as an operational expense of the Partnership, an annual fee of $5,000 (the "Asset Management Fee") to SAHP (or to such other entity as SHF shall designate), for an annual review of the operations of the Partnership and the Apartment Complex. The Partnership shall pay the Asset Management Fee (a) from Net Cash Flow on each Payment Date for the Fiscal Year preceding such Payment Date, (b) from the proceeds of a Capital Transaction at the
time of the Capital Transaction, and (c) from the net proceeds resulting from the liquidation of the Partnership on the date of liquidation. If on any Payment Date the Partnership lacks sufficient Net Cash Flow to pay all of the accrued but unpaid Asset Management Fee pursuant to this Section 12.5, then that portion of the accrued Asset Management Fee shall be deferred until the next Payment Date or other date on which payment of the Asset Management Fee is due. Interest shall accrue on any portion of the Asset Management Fee on which payment has been deferred at an annual rate of twelve percent (12%), compounded annually. With respect to any Fiscal Year which is less than a full Fiscal Year or during which the Asset Management Fee does not accrue for the entire Fiscal Year, the amount of the Asset Management Fee shall be prorated.

12.6 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership shall elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of SHF such election would be most advantageous to SHF. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

12.7 Fiscal Year and Accounting Method. The Fiscal Year of the Partnership shall be determined pursuant to Section 706(b) of the Code. Accordingly, the Fiscal Year of the Partnership shall initially be the fiscal year of SHF, which ends at December 31. All Partnership accounts shall be determined on the accrual basis.

**Article 13**
**AMENDMENTS**

This Agreement may be amended only by a written amendment executed by all of the Partners. Notwithstanding the foregoing or anything to the contrary contained herein, if SHF either has or is projected to have a deficit balance in its Capital Account and SHF proposes an amendment to this Agreement which is intended to preserve the allocation of Tax Credits in the manner set forth in Exhibit I attached hereto and the allocation of 99.9% of Net Losses and Net Profits to SHF (or such lesser percentage determined by SHF), the General Partner and the SLP shall effectuate the adoption of such amendment, including without limitation the execution of an amendment to this Agreement.

**Article 14**
**CONSENTS, VOTING AND MEETINGS**

14.1 Submissions to Limited Partner. The General Partner shall give the Limited Partners Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such Notice shall include any information required by the relevant provision or by law.

14.2 Meetings; Submission of Matter for Voting. A majority of the Percentage Interests of all the Partners shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.
14.3 Voting Rights of SLP. Except for a vote to amend this Agreement in accordance with Section 13 hereof and the consent rights under this Agreement, SLP shall not have any voting rights. To the extent SLP has voting rights under the Act which may not be eliminated by agreement, SLP shall vote with SHF as one class. To the extent SLP and SHF vote as one class, the required vote of the Limited Partners to approve the action subject to the vote shall be the vote of holders of a majority of the Percentage Interests of all Limited Partners.

Article 15
GENERAL PROVISIONS

15.1 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

15.2 Successors and Assigns. Subject to provisions of this Agreement concerning transfer of Partnership Interests, the rights and obligations of the Partners under this Agreement shall inure to the benefit of and bind the heirs, executors, administrators, successors and assigns of the respective parties hereto.

15.3 Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY PRESENT OR FUTURE AMENDMENT HEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

15.4 Remedies. If a Partner breaches any of its representations, warranties, covenants or other obligations under or in connection with this Agreement, the other Partners may pursue any available legal or equitable remedy under this Agreement or under applicable law without the necessity of dissolving and/or liquidating the Partnership.

15.5 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

74 Partnership Agreement
Farmers Branch Senior Community, L.P.
15.6 **Separability of Provisions.** Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

15.7 **Further Assurances.** Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder to carry out the intent of the parties hereeto.

15.8 **Captions.** The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

15.9 **Entire Agreement.** This Agreement and the Exhibits attached hereto set forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the subject matter hereof, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them with respect to such subject matter other than as set forth or incorporated herein. Without limiting the generality of the foregoing, this Agreement supersedes and replaces in its entirety any acquisition agreement, letter of intent, or other document relating to the subject matter hereof.

15.10 **Liability of SHF.** Under no circumstances shall the liability of SHF for any default under this Agreement be in excess of the amount of Capital Contributions payable by SHF to the Partnership under the terms of this Agreement, at the time of such default.

15.11 **Notices.** Any Notice required by the provisions of this Agreement to be given to one or more Partners shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next Business Day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sending same by facsimile transmission, addressed as follows:

**To SHF:**

c/o AIG Retirement Services, Inc.
1 SunAmerica Center, Century City
Los Angeles, California 90067-6022
Attention: Michael L. Fowler, Vice President
Telephone: (310) 772-6000
Facsimile No.: (310) 772-6794

**With a copy to:**

Jeffer Mangels Butler & Marmaro, LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, California 90067
Attention: Frederick W. Gartside, Esq.
To the General Partner or the Partnership:

10405 E. Northwest Highway, Suite 100
Dallas, Texas 75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to:
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

And a copy to:
Coats, Rose, Yale, Ryman & Lee, P.C.
3 Greenway Plaza, Suite 2000
Houston, Texas 77046
Attention: Barry Palmer, Esq.
Telephone: (713) 653-7395
Facsimile No.: (713) 651-0220

And (for notices to Life Net)
a copy to:
Locke Lord Bissell & Liddell LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701
Attention: Cynthia L. Bast, Esq.
Telephone: (512) 305-4707
Facsimile No.: (512) 391-4707

To SLP:
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

With a copy to:
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All Notices shall be effective upon personal delivery or upon being deposited with Federal Express or in the United States mail or upon confirmation of receipt by facsimile as required above. However, with respect to Notices so deposited with Federal Express or in the United States mail, the time period in which a response to any such Notice must be given shall commence to run from the next Business Day following any such deposit with Federal Express or on the date on the return receipt of the Notice reflecting the date of delivery or rejection of the same by the addressee thereof with respect to deposit in the United States mail. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice was given shall be deemed to be receipt of such rejected, refused or undelivered Notice. By giving to the other party hereto at least five Business Days' written Notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

15.12 Legal Fees. In the event of any dispute pertaining to, or litigation or arbitration arising from the enforcement or interpretation of this Agreement, the prevailing party shall be entitled to an award of its attorney's fees, court costs and any other fees, costs and expenses incurred in connection with such dispute, including those incurred in connection with all appellate levels, bankruptcy, mediation or otherwise to maintain such action, from the losing party.

15.13 Business Days. Notwithstanding anything to the contrary contained in this Agreement, if any document, certificate, schedule or other material to be provided or condition to be satisfied pursuant to this Agreement is due on a day that is not a Business Day, then such document, certificate, schedule or other material or condition to be satisfied shall be due on the next Business Day.

15.14 Not For Benefit of Creditors. The provisions of this Agreement are intended solely for the regulation of the relations among the Partners and the Partnership. This Agreement is not intended to benefit a creditor that is not a Partner and does not grant any rights to or confer any benefits on a creditor that is not a Partner or any other Person that is not a Partner. Notwithstanding the foregoing, each Developer shall be deemed a third party beneficiary of the terms hereof relating in any manner to the Development Fee, with full right to enforce such terms. The parties hereto shall not amend any such terms of this Agreement relating to the Development Fee without the prior written consent of the Developer.

15.15 No Continuing Waiver. No waiver by a party hereto of any breach of this Agreement or any full or partial condition for performance hereunder shall be effective unless in a writing executed by such party. No waiver shall operate as or be construed to be a waiver of any subsequent breach or condition.

15.16 Joint and Several Obligations. Any joint obligations or covenants of the SLP and the General Partner hereunder shall be joint and several obligations of each of them.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Farmers Branch Senior Community, L.P. as of the date first written above.

GENERAL PARTNER:

LIFENET-FARMERS BRANCH, OP, L.L.C.,
a Texas limited liability company

By: LifeNet Community Behavioral Healthcare,
a Texas non-profit corporation, its sole Member

By: 

Liam McManey, President and Chief Executive Officer

SHF:

SUNAMERICA HOUSING FUND 1555, A NEVADA LIMITED PARTNERSHIP

By: AIG Retirement Services, Inc., a Delaware corporation, General Partner

By: Michael L. Fowler, Vice President

SLP:

CHURCHILL RESIDENTIAL, INC.,
a Texas corporation

By: Bradley E. Forslund, President
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Farmers Branch Senior Community, L.P. as of the date first written above.

GENERAL PARTNER:
LIFENET-FARMERS BRANCH, GP, L.L.C.,
a Texas limited liability company
By: LifeNet Community Behavioral Healthcare,
a Texas non-profit corporation, its sole Member

By: ________________________________
    Liam Mulvaney, President and Chief Executive Officer

SHF:
SUNAMERICA HOUSING FUND 1555, A NEVADA LIMITED PARTNERSHIP
By: AIG Retirement Services, Inc., a Delaware corporation, General Partner

By: ________________________________
    Michael L. Fowler, Vice President

SLP:
CHURCHILL RESIDENTIAL, INC.,
a Texas corporation
By: ________________________________
    Bradley E. Forslund, President
<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
<th>Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Incentive Partnership Management Agreement</td>
<td>Exhibit A</td>
</tr>
<tr>
<td>B</td>
<td>Development Agreement</td>
<td>Exhibit B</td>
</tr>
<tr>
<td>C</td>
<td>Bridge Loan Note</td>
<td>Exhibit C</td>
</tr>
<tr>
<td>D</td>
<td>Description of Land</td>
<td>Exhibit D</td>
</tr>
<tr>
<td>E</td>
<td>Owner's and Contractor's Affidavit (Construction in Progress)</td>
<td>Exhibit E</td>
</tr>
<tr>
<td>F</td>
<td>Development Budget</td>
<td>Exhibit F</td>
</tr>
<tr>
<td>G</td>
<td>Management Agreement</td>
<td>Exhibit G</td>
</tr>
<tr>
<td>H</td>
<td>Insurance Requirements</td>
<td>Exhibit H</td>
</tr>
<tr>
<td>I</td>
<td>Allocation Provisions, Capital Accounts</td>
<td>Exhibit I</td>
</tr>
<tr>
<td>J</td>
<td>Greatest Excess LP Loan Amount and Applicable Percentages</td>
<td>Exhibit J</td>
</tr>
<tr>
<td>K</td>
<td>Replacement Reserve</td>
<td>Exhibit K</td>
</tr>
<tr>
<td>L</td>
<td>Financing Summary</td>
<td>Exhibit L</td>
</tr>
<tr>
<td>M</td>
<td>Legal Opinion</td>
<td>Exhibit M</td>
</tr>
<tr>
<td>N</td>
<td>Right of First Refusal</td>
<td>Exhibit N</td>
</tr>
<tr>
<td>O</td>
<td>Due Diligence Checklist</td>
<td>Exhibit O</td>
</tr>
</tbody>
</table>
Exhibit A

Incentive Partnership Management Agreement

See attached.
Exhibit B

Development Agreement
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of October 25, 2007, between FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), CHURCHILL COMMUNITIES, L.P., a Texas limited partnership ("Churchill Communities"), LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas non-profit corporation ("LifeNet" and together with Churchill Communities, the "Developers").

A. The Partnership is governed by its Amended and Restated Agreement of Limited Partnership dated as of even date herewith (the "Partnership Agreement") (capitalized terms used herein without definition shall have the definitions given them in the Partnership Agreement).

B. The Partnership has been formed to develop, construct, own, maintain and operate the Apartment Complex.

C. LifeNet-Farmers Branch, GP, L.L.C., a Texas limited liability company (the "General Partner"), Churchill Residential, Inc., a Texas corporation, and SunAmerica Housing Fund 1555, A Nevada Limited Partnership ("SHF"), are the sole Partners in the Partnership.

D. The Partnership desires to appoint the Developers to provide certain services for the Partnership with respect to overseeing the development of the Apartment Complex until all development work is completed.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Appointment. The Partnership hereby appoints the Developers to render services for the Partnership, and confirms and ratifies the appointment of the Developers with respect to services rendered for the Partnership to date, in supervising and overseeing the development of the Apartment Complex as herein contemplated.

2. Authority. In conformity with the provisions of the Partnership Agreement, Churchill Communities shall have, and has had, the authority and the obligation to do all of the following and Life Net shall have, and has had, the authority and the obligation to do the services set forth in Sections 2(l), (p) and (q):

   (a) coordinate the preparation of the plans and specifications (the "Plans and Specs") by the architect ("Architect") selected by the Partnership and recommend alternative solutions whenever in a Developer's judgment design details affect construction feasibility or schedules;

   (b) monitor disbursement and payment of amounts owed to the Architect and the subcontractors;

   (c) inspect the construction of the Apartment Complex and advise the Partnership of items a Developer finds to be deficient;
(d) cooperate with the Partnership in securing all building code approvals and obtain certificates of occupancy for all of the residential units of the Apartment Complex;

(e) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;

(f) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;

(g) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts held by a Developer related to the Apartment Complex;

(h) provide and periodically update an Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;

(i) assist the Partnership in negotiating the Construction Contract and supervising construction;

(j) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

(k) provide regular monitoring of the approved estimate of construction cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected costs exceed budgets or estimates;

(l) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

(m) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples;

(n) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

(o) revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

(p) review change orders as to construction of the Apartment Complex; and

(q) review requests for disbursements of proceeds of loans to the Partnership for the construction of the Apartment Complex.
3. **Obligations of the General Partner (not the Developers).** Notwithstanding the foregoing, the Developers shall not have the following duties:

(a) analyzing the qualified allocation plan for targeted areas within the state in which the Land is located;

(b) identifying potential land sites and analyzing the demographics of potential sites;

(c) analyzing the economy and forecasting future growth potential of the geographic area in which the Apartment Complex is located;

(d) determining the Property's zoning status and possible rezoning strategies;

(e) contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances;

(f) performing environmental tests on the Land (except to the extent that the Developers are responsible for such tests on any buildings or Land immediately below the buildings);

(g) negotiating the purchase of the Property and its related financing;

(h) causing the Partnership to acquire the Land;

(i) arranging for the closing of the Term Loan; and

(j) processing necessary documentation with the Agency in connection with Tax Credits.

4. **Development Fee.**

(a) For services performed and to be performed under Sections 1 and 2 of this Agreement, the Partnership shall pay the Developers a Development Fee in the aggregate amount of $1,573,566. The development fee shall be divided $78,678 to LifeNet and $1,494,888. Other than the payments to LifeNet and Churchill under clause (i) of this subsection (a), the payments of the Development Fee shall be divided between LifeNet and Churchill pro-rata based on the unpaid portion of the Development Fee payable to them. A portion of the Development Fee shall be paid as follows: (i) $50,000 shall be paid to LifeNet and $200,000 shall be paid to Churchill Communities upon execution of the Partnership Agreement and closing of the Term Loan and satisfaction of the Post-Closing Conditions, as defined in Section 5.2(h)(i) of the Partnership Agreement, (ii) $100,000 shall be paid at the time SHF makes the First Additional Capital Contribution, (iii) $251,937 shall be paid at the time SHF makes the Second Additional Capital Contribution, and (iv) $225,124 shall be paid at the time SHF makes the Third Additional Capital Contribution; provided, however, the amount payable from the Additional Capital Contributions is subject to adjustment downward by an amount equal to the reductions in, or refunds of, the Additional Capital Contributions under Section 5.1(c) of the Partnership Agreement and subject to adjustment in accordance with Section 6.23 of the Partnership Agreement.
Agreement. Subject to Sections 4(b) and (e), any portion of the Development Fee not paid under the prior sentence (the "Deferred Development Fee") shall be paid solely from Net Cash Flow, proceeds of a Capital Transaction and proceeds of a dissolution and liquidation of the Partnership pursuant to Section 9 of the Partnership Agreement. The Development Fee shall be the only amount payable to the Developers for services performed pursuant to this Agreement. The Developers shall not be entitled to any reimbursement for costs and expenses, including without limitation salaries, compensation and fringe benefits of employees of a Developer or for a Developer's overhead.

(b) The Deferred Development Fee shall bear interest commencing upon the date on which SHF makes its Third Additional Capital Contribution to the Partnership (the "Effective Date") on the outstanding unpaid balance at the "applicable Federal long-term rate" (as defined in Section 1274(d) of the Code) in effect on the Effective Date, compounded annually. All payments made to the Deferred Development Fee shall be applied first to interest due under the Deferred Development Fee and then to the outstanding balance of the Deferred Development Fee until the Deferred Development Fee is paid in full. Notwithstanding anything to the contrary contained in Section 6, any unpaid portion of the Deferred Development Fee shall be payable by the earlier of (i) the tenth year following the date hereof, (ii) the date of liquidation of the Partnership, or (iii) the date of removal of the SLP from the Partnership.

(c) Each Developer and the Partnership shall execute and deliver the Affidavit of Services Rendered in the form attached hereto as Exhibit A and the Affirmation of Receipt of Services in the form attached hereto as Exhibit B to SHF upon request by SHF.

(d) In the event of the withdrawal of the SLP in contravention of the Partnership Agreement or the removal of the SLP, the rights of Churchill Communities and any rights of Life Net previously assigned to the SLP hereunder, including the right to receive any unpaid Development Fee, shall be assigned to SHF or its designee. In the event of the withdrawal of the General Partner in contravention of the Partnership Agreement or the removal of the General Partner, the rights of LifeNet hereunder, including the right to receive any unpaid Development Fee, shall be assigned to SLP.

(e) Cost Savings shall be used to pay Deferred Development Fee in accordance with the Partnership Agreement.

5. Scope of Developers' Responsibility. Each of the Developers is responsible for the duties that it has specifically undertaken in this Agreement, and no additional duties or responsibilities may be implied from this Agreement.


(a) If (i) the General Partner, SLP, any successor SLP, Churchill Communities or LifeNet shall not have complied with any provisions under the Partnership Agreement, this Agreement, the Incentive Partnership Management Agreement, or the Construction Contract, as applicable, within thirty (30) days after SHF delivers written notice of such noncompliance to the SLP, or (ii) any holder of any Project Loan shall have declared the Partnership to be in default under the applicable Project Loan after the expiration of all
applicable cure periods, if any, as a result of acts or omissions of the General Partner, SLP, Churchill Communities, LifeNet or any Affiliates of any of them, or (iii) foreclosure proceedings shall have been commenced against the Property as a result of acts or omissions of the General Partner, SLP, Churchill Communities, LifeNet or any Affiliate of any of them, then the Developers shall be in default of this Agreement and the Partnership shall withhold payment of any installment of fees payable to either Developer.

(b) All amounts so withheld by the Partnership under this Paragraph shall be promptly released to the applicable Developer only after the default justifying the withholding has been cured, as demonstrated by evidence reasonably acceptable to the SHF. In addition, the Partnership shall be entitled to withhold payments to Developers hereunder pursuant to Section 6.12 of the Partnership Agreement.

7. Pledged Payments. Churchill Communities irrevocably directs the Partnership to pay to SHF any payments due hereunder to Churchill Communities (the "Pledged Payments") at any time that there is an unsatisfied obligation secured by the Pledged Payments which is due and owing. The Partnership and Churchill Communities shall treat any Pledged Payments made by the Partnership to SHF as a payment by the Partnership to Churchill Communities hereunder of the particular Pledged Payment and a payment by Churchill Communities to SHF of the particular obligation which it secures. If there is more than one type of outstanding obligation secured at the time a Pledged Payment is made to SHF, SHF, in its sole discretion, shall decide to which secured obligation the Pledged Payments shall be applied.

8. Assignment of Fees. Each Developer shall not assign, pledge or otherwise encumber, for security or otherwise, the Development Fee, or any portion thereof or any right of a Developer thereto, without the Consent of SHF.

9. [Intentionally left blank]

10. Successors and Assigns. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. However, this Agreement may not be assigned by any party hereto without the Consent of SHF, nor may it be terminated without the Consent of SHF.

11. No Lien Filings. Each Developer hereby represents, warrants and covenants that neither it nor its Affiliates shall file a mechanic's lien, materialmen's lien or other lien against the Apartment Complex or any other assets of the Partnership, and hereby waives and releases any right it may have or may hereafter acquire to file a such lien against the Apartment Complex or any other assets of the Partnership. Each Developer shall indemnify and hold harmless the Partnership, SHF from any losses, damages, and/or liabilities, to or as a result of a breach of this provisions.

12. Separability of Provisions. Each provision of this Agreement shall be considered separable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

14. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS DEVELOPMENT AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY PRESENT OR FUTURE AMENDMENT THEREOF, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE DEVELOPMENT AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

15. No Continuing Waiver. No waiver by a party hereto of any breach of this Agreement shall be effective unless in a writing executed by such party. No waiver shall operate or be construed to be a waiver of any subsequent breach.

16. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of Texas.

17. Third Party Beneficiary. SHF is a third party beneficiary of this Agreement.

18. Amendments. Each party hereto expressly agrees that any amendment to this Agreement shall not be effective unless signed by the parties hereto and Consented to by SHF.

19. Attorney's Fees. Each party hereto agrees to pay the other party, without demand, reasonable attorney's fees and all costs and expenses expended or incurred in collecting any amounts payable by such party hereunder or in enforcing this Agreement against the other party, whether or not suit is filed.

20. Notices. Any Notice required by the provisions of this Agreement to be given to one or more parties shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next Business Day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sending same by facsimile transmission, addressed as follows:
To the Partnership or LifeNet: 10405 E. Northwest Highway, Suite 100
Dallas, Texas  75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to:
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

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3 Greenway Plaza, Suite 2000
Houston, Texas 77046
Attention: Barry Palmer, Esq.
Telephone: (713) 653-7395
Facsimile No.: (713) 651-0220

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a copy to:
Locke Lord Bissell & Liddell LLP
100 Congress Avenue, Suite 300
Austin, Texas 78701
Attention: Cynthia L. Bast, Esq.
Telephone: (512) 305-4707
Facsimile No.: (512) 391-4707

To Churchill Communities:
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Attention: Brad Forslund
Telephone: (972) 550-7800
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3 Greenway Plaza, Suite 2000
Houston, Texas 77046
Attention: Barry Palmer, Esq.
Telephone: (713) 653-7395
Facsimile No.: (713) 651-0220

To SHF:
c/o AIG Retirement Services, Inc.
1 SunAmerica Center, Century City
Los Angeles, California  90067-6022
Attention: Michael L. Fowler, Vice President
All Notices shall be effective upon personal delivery or upon being deposited with Federal Express or in the United States mail or upon confirmation of receipt by facsimile as required above. However, with respect to Notices so deposited with Federal Express or in the United States mail, the time period in which a response to any such Notice must be given shall commence to run from the next Business Day following any such deposit with Federal Express or on the date on the return receipt of the Notice reflecting the date of delivery or rejection of the same by the addressee thereof with respect to deposit in the United States mail. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice was given shall be deemed to be receipt of such rejected, refused or undelivered Notice. By giving to the other party hereto at least five Business Days' written Notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
IN WITNESS WHEREOF, the parties have caused this Development Agreement to be duly executed as of the date first written above.

PARTNERSHIP:

FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership

By: LifeNet-Farmers Branch, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By:______________
  Liam Mulvaney, President and Chief Executive Officer

DEVELOPERS:

CHURCHILL COMMUNITIES, L.P.

By: Churchill Residential, Inc., a general partner

By:______________________________
  Bradley E. Forslund, President

By: LHTE Development, Inc., a general partner

By:______________________________
  Name: _________________________
  Title: _________________________

LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas non-profit corporation

By:______________________________
  Liam Mulvaney, President and Chief Executive Officer
EXHIBIT A
TO
DEVELOPMENT AGREEMENT

AFFIDAVIT OF SERVICES RENDERED
AFFIDAVIT OF SERVICES RENDERED

THIS AFFIDAVIT is made as of ____________, by ________________ (hereinafter "Affiant") for the benefit of FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership").

A. Churchill Communities, L.P., a Texas limited partnership and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation (each a "Developer"), entered into a certain Development Agreement with the Partnership dated October 25, 2007 (the "Agreement"), which provides that Developer is to render certain services to and on behalf of the Partnership with respect to overseeing the development of Evergreen at Farmers Branch Senior Apartments (the "Apartment Complex").

B. Developer performed certain portions of the total services required to be performed under the Agreement, as set forth in more detail below, and Developer has earned a corresponding amount of the total compensation provided for under the Agreement.

THEREFORE, Affiant, as an officer of a general partner of Developer, being duly sworn upon oath, hereby states as follows:

1. Developer has fully performed its duties in rendering the services set forth below in accordance with the terms and conditions of the Agreement (with defined terms having the meaning ascribed to them in the Agreement unless otherwise indicated herein):

   Initials [Only initial those services actually performed as of the date of this Affidavit]

     (1) coordinate the preparation of the plans and specifications (the "Plans and Specs") by the architect ("Architect") selected by the Partnership and recommend alternative solutions whenever in Developer's judgment design details affect construction feasibility or schedules;

     (2) monitor disbursement and payment of amounts owed Architect and the subcontractors;

     (3) inspect the construction of the Apartment Complex and advise the Partnership of items Developer finds to be deficient;

     (4) cooperate with the Partnership in securing all building code approvals and obtain certificates of occupancy for all of the residential units of the Apartment Complex;

     (5) keep, or cause to be kept, accounts and cost records as to the construction of the Apartment Complex;

     (6) maintain, or cause to be maintained, at its expense, all office and accounting facilities and equipment necessary to adequately perform the foregoing functions;

Affidavit of Services Rendered
Farmers Branch Senior Community, L.P.
______ (7) make available to the Partnership, during normal business hours and upon the Partnership's written request, copies of all material contracts and subcontracts held by Developer related to the Apartment Complex;

______ (8) provide and periodically update an Apartment Complex construction time schedule which coordinates and integrates Architect's services with construction schedules;

______ (9) assist the Partnership in negotiating the Construction Contract and supervising construction;

______ (10) provide regular monitoring of the schedule as construction progresses, identify potential variances between scheduled and probable completion dates, review the schedule for work not started or incomplete, recommend to the Partnership adjustments in the schedule to meet the probable completion date, provide summary reports of such monitoring, and document all changes in the schedule;

______ (11) provide regular monitoring of the approved estimate of construction cost, show actual costs for activities in process and estimates for uncompleted tasks, identify variances between actual and budgeted or estimated costs and advise the Partnership whenever projected Costs exceed budgets or estimates;

______ (12) develop and implement a system for review and processing of change orders as to construction of the Apartment Complex;

______ (13) in collaboration with Architect, establish and implement procedures for expediting the processing and approval of shop drawings and samples;

______ (14) recommend courses of action to the Partnership when requirements of subcontracts are not being fulfilled;

______ (15) revise and refine the approved estimate of construction cost, incorporate changes as they occur, and develop cash flow reports and forecasts as needed;

______ (16) review change orders as to construction of the Apartment Complex; and

______ (17) review requests for disbursements of proceeds of loans to the Partnership for the construction of the Apartment Complex.

2. Based upon the amount of services performed by Developer as of the date first above written, Affiant hereby states and affirms that $ has been fully earned. Such earned fee shall be paid by the Partnership at such times and in such forms as provided in, and otherwise in accordance with, the terms and conditions of the Agreement.

Further Affiant sayeth not.
Name: ________________

STATE OF ________________ )
) ss
COUNTY OF _____________ )

Before me, the undersigned Notary Public in and for the aforesaid County and State, personally appeared ______________, and being duly sworn, acknowledged the execution of the foregoing Affidavit of Services Rendered.

Witness my hand and notarial seal this _____ day of ____________.

My Commission Expires: _______________________

______________________________
Notary Public
EXHIBIT B
TO
DEVELOPMENT AGREEMENT

AFFIRMATION OF RECEIPT OF SERVICES
AFFIRMATION OF RECEIPT OF SERVICES

FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), hereby affirms that the Partnership received the services of Developer described in Paragraph 1 of the Affidavit of Services Rendered to which this Affirmation is attached. The Partnership hereby further affirms that $__________ of the development fee payable to the Developer pursuant to the Agreement was fully earned as of ________________.

EXECUTED on ____________.

FARMERS BRANCH SENIOR COMMUNITY,
L.P.,
a Texas limited partnership

By: LifeNet-Farmers Branch, GP, L.L.C.,
General Partner

By: LifeNet Community Behavioral
Healthcare, a Texas non-profit
corporation, its sole Member

By: _____________________
Liam Mulvaney, President and
Chief Executive Officer

STATE OF TEXAS )
) ss.

COUNTY OF ____________________ )

The foregoing instrument was acknowledged before me this ____ day of __________, 200__, by Liam Mulvaney, as President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole member of LifeNet-Farmers Branch, GP, L.L.C., General Partner of Farmers Branch Senior Community, L.P., a Texas limited partnership.

WITNESS my hand and official seal.

My commission expires: ________________

____________________________________
Notary Public
Exhibit C

Bridge Loan Note
BRIDGE LOAN NOTE

$10,524,768

October 25, 2007
Dallas, Texas

FOR VALUE RECEIVED, FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership ("Maker"), whose address is 10405 E. Northwest Highway, Suite 100, Dallas, Texas 75238, promises to pay to the order of the Agent (as defined below), for the benefit of all the Lenders (as such, "Holder"), the Agent's address being 450 Mamaroneck Avenue, Harrison, New York 10528 or such other address as Holder may from time to time designate, the principal sum of Ten Million Five Hundred Twenty-Four Thousand Seven Hundred Sixty-Eight Dollars ($10,524,768) (or such lesser amount as may be advanced by Lenders to Maker and be outstanding in connection with this Note), together with interest thereon at the interest rates set forth below.

1. Definitions. As used herein, the following terms shall have the indicated meanings:

Advance. A borrowing evidenced hereby, which shall include any Base Rate Advance and any Eurodollar Advance.

Agent. Citicorp North America, Inc., in its capacity as agent for the Lenders.

Business Day. (a) With respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market, and (b) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in New York for the conduct of substantially all of their commercial lending activities.

Company. AIG Retirement Services, Inc., a Delaware corporation.

Facility Account. The account of the Company at Citibank, N.A., as may from time to time be identified in writing to Maker by the Company as the "Facility Account."

Facility Agreement. The Facility Agreement, dated as of December __, 2006, among the Company, the Agent and the Lenders named therein from time to time, as amended, restated, supplemented or otherwise modified from time to time.

Lenders. The lenders party to the Facility Agreement and their respective successors and assigns.

Loan. The loan or loans evidenced hereby.

Loan Documents. Collectively, all documents and instruments now or hereafter evidencing, securing or guaranteeing the indebtedness evidenced by this Note, as the same may be amended from time to time hereafter.
Maturity Date. The earliest to occur of (a) any date specified by the Company to Maker as being the date on or after which the items under Section 5.1(b)(ii) of the Partnership Agreement have been approved by the Company, provided the First Additional Capital Contribution thereunder has been funded and which date the Company has designated as the maturity date hereof, and (b) the second anniversary of the date hereof.

Maximum Rate. The maximum non-usurious rate of interest per annum permitted by whichever of applicable United States federal law or Texas law permits the higher interest rate, including, to the extent permitted by such applicable law, any amendments thereof or any new law thereafter coming into effect to the extent a higher maximum non-usurious rate of interest is permitted thereby. The Maximum Rate shall be applied by taking into account all amounts characterized by applicable law as interest on the debt evidenced by this Note, so that the aggregate of all interest does not exceed the maximum non-usurious amount permitted by applicable law.

Note. This Bridge Loan Note.

Partnership Agreement. The Amended and Restated Agreement of Limited Partnership dated of even date herewith between LifeNet-Farmers Branch, GP, L.L.C., a Texas limited liability company, Churchill Residential, Inc. and SunAmerica Housing Fund 1555, A Nevada Limited Partnership, governing Maker, as amended from time to time.

Reserve Requirement. With respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D of the Board of Governors of the Federal Reserve System on Eurocurrency liabilities.

2. Interest Rate. The outstanding principal balance of this Note shall bear interest from time to time at the Alternate Base Rate or, if applicable, at the rate, or combination of rates, chosen by the Company as set forth below, provided however that during any time after the occurrence and continuation of an Event of Default, at the option of the Company, the outstanding principal balance hereof shall bear interest at a rate per annum equal to the rate otherwise applicable plus 2% per annum. In no event shall the rate of interest payable hereunder exceed the Maximum Rate. Any portion of the outstanding principal balance of this Note from time to time constituting a Base Rate Advance shall, during such time, bear interest at the rate per annum equal to the Alternate Base Rate from and including the date of such Advance or the date on which such Advance was converted into or otherwise became a Base Rate Advance to (but not including) the date on which such Base Rate Advance is paid or converted to a Eurodollar Advance. At the option of the Company, all or any portion of the principal amount hereof may from time to time bear interest at the Eurodollar Rate for a specified Interest Period. Any portion of the outstanding principal balance of this Note from time to time constituting a Eurodollar Advance shall bear interest from and including the first day of the Interest Period applicable thereto to, but not including, the last day of such Interest Period at the rate per annum equal to the Eurodollar Rate for such Interest Period.
In its sole discretion, the Company shall choose the method of calculating interest, the type of Advance (whether a Base Rate Advance or Eurodollar Advance), the date on which interest is payable hereunder, and the length of Interest Periods for Eurodollar Advances.

For purposes hereof, the following terms have the following meanings:

"Alternate Base Rate" - for any day, a rate of interest per annum equal to the higher of (a) the Corporate Base Rate for such day, and (b) the sum of the Federal Funds Effective Rate for such day plus 1/2% per annum; "Base Rate Advance" - at any time, that portion of the outstanding principal amount of this Note as to which interest is not accruing at the Eurodollar Rate; "Corporate Base Rate" - a rate per annum equal to the corporate base rate of interest announced by Citibank, N.A., from time to time, changing when and as said corporate base rate changes (the Corporate Base Rate is a reference rate and does not necessarily represent the lowest or best rate of interest actually charged to any customer); "Eurodollar Advance" - at any time, any portion of the outstanding principal amount of this Note which accrues interest at the Eurodollar Rate for a specified Interest Period pursuant to an election made by the Company on behalf of Maker pursuant to this Section 2 (when used with respect to any Lender, "Eurodollar Advance" shall mean such Lender's share thereof); "Eurodollar Base Rate" - with respect to a Eurodollar Advance for the relevant Interest Period, (a) the rate at which deposits in U.S. Dollars appear on Telerate page 3750 as of 11 a.m. (London time) two Business Days prior to the first day of such Interest Period or (b) for any Interest Period for which no such Telerate quote is available, the rate at which deposits in U.S. Dollars are offered by the Agent (or its successor, if any, as agent for the Lenders under the Facility Agreement) to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, in an amount agreed upon by the Company and the Lenders and having a maturity approximately equal to such Interest Period; "Eurodollar Rate" - with respect to a Eurodollar Advance for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurodollar Base Rate applicable to such Interest Period, divided by (ii) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, plus (b) 0.19% (the Eurodollar Rate shall be rounded to the next higher multiple of 1/16 of 1% if the rate is not such a multiple); "Federal Funds Effective Rate" - for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (New York time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion; "Interest Period" - with respect to a Eurodollar Advance, a period of one, two, three or six months commencing on a Business Day selected by the Company on behalf of Maker pursuant to this Section 2 (such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter as selected by the Company); provided, however, that if there is no such numerically corresponding day, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day).
3. **Payment.** The outstanding principal balance hereof, together with interest and all other amounts payable hereunder, shall be due on the Maturity Date.

4. **Payment of Interest.** All amounts due hereunder shall be payable in lawful money of the United States of America. Accrued interest not paid when due shall, to the fullest extent allowed by law, bear interest at the same rate as the principal of this Note.

5. **Interest Payment Dates; Interest Basis.** Interest accrued on each Base Rate Advance shall be payable on the last day of each month, commencing with the first such date to occur after the date hereof, on any date on which a Base Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which such Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day the Loan is made but not for the day of any payment on the amount paid if payment is received by the Agent prior to 1:00 P.M. (New York time) at the place of payment. If any payment of principal of or interest on the Loan shall become due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day.

6. **Method of Payment.** All payments hereunder shall be made, without setoff, deduction or counterclaim, in immediately available funds to the Facility Account, or to such other account as the Agent may designate in writing to Maker and Company, by 1:00 P.M. (New York time) on the date when due.

7. **Voluntary Prepayment; Reborrowings.** This Note may not be voluntarily prepaid except with the consent of the Company. Any such prepayment shall be subject to Section 17 hereof. Except as provided in the preceding two sentences, Maker may prepay this Note at any time without premium or penalty. Maker shall not be entitled to reborrow any amounts prepaid hereunder except, with the consent of the Company, as described in Section 16. Although the face amount of this Note may exceed the initial Advance hereunder, the Lenders shall be under no obligation to Maker to make any additional Advances.

8. **Mandatory Prepayment.** Whenever Maker receives a cash capital contribution from the Company or any affiliate of the Company, Maker shall promptly remit an amount equal to 100% of such capital contribution to the Facility Account to be used first to pay interest and other amounts (other than principal) payable hereunder, and next to repay principal of this Note, on the date specified by the Company.

9. **Administrative Matters.** Maker hereby authorizes Holder to extend, convert or continue Advances, effect selections of interest options and to transfer funds based on telephonic notices made by any person or persons Holder in good faith believes to be acting on behalf of the Company.

10. **Taxes.** Any payments made by Maker under this Note shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes.
or similar charges imposed by any U.S. federal governmental authority, excluding net income taxes and franchise taxes or any other tax based upon any income imposed on the Agent or any Lender by the jurisdiction in which the Agent or such Lender is incorporated or has its principal place of business; provided that if any such non-excluded taxes or similar charges ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Agent or any Lender hereunder, such deduction or withholding shall be made and the amount thereof shall be paid to the relevant tax authority and the amounts so payable to the Agent or such Lender shall, upon demand of the Agent or relevant Lender, as applicable, be increased to the extent necessary so that the Agent or such Lender receives the amount it would have received hereunder if such withholding or deduction had not been made. Whenever any Non-Excluded Taxes are payable by Maker, as promptly as practicable thereafter Maker shall send to the Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt therefor. The agreements in this Section shall survive the termination of this Note and the payment of all other amounts payable hereunder. Maker shall also pay any present or future sales, stamp or documentary taxes or excise or property taxes, charges or similar levies which arise from any payment hereunder or in connection with this Note.

11. Events of Default. At the option of Holder (or, in the case of (c) or (d) below, automatically), the payment of all principal, any interest accrued thereon and any other sums then due and payable under the provisions of this Note will be accelerated and such principal, interest and such other sums shall be immediately due and payable without notice or demand upon the earlier to occur of any of the following events (each an "Event of Default"):  

(a) the failure of Maker to pay any amounts hereunder when due;  

(b) a default under any Loan Document, not cured within any applicable grace period;  

(c) Maker's making an assignment for the benefit of creditors or filing a voluntary petition in bankruptcy or filing any petition or answer seeking for itself any arrangement, composition, adjustment, liquidation, dissolution or similar relief to which it may be entitled, or filing any answer admitting the material allegations of any petition filed against it in any such proceedings, or seeking or consenting to or acquiescing in the appointment of any trustee, receiver, custodian or liquidator of all or a substantial part of its properties or assets; and  

(d) the commencement of a bankruptcy or insolvency proceeding against Maker (unless stayed or dismissed within sixty days).  

12. Release. Each Maker, endorser, cosigner and guarantor of this Note hereby expressly grants to Holder the right to release or to agree not to sue any other person, or to suspend the right to enforce this Note against such other person or to otherwise discharge such person; and each such Maker, endorser, cosigner and guarantor hereby agrees that the exercise of such rights by Holder shall have no effect on the liability of any other person, primarily or secondarily liable hereunder.

13. Waivers. Maker, for itself and its legal representatives, successors and assigns, expressly waives presentment, protest, demand, notice of dishonor, notice of nonpayment, notice
of maturity, notice of protest, presentment for the purposes of accelerating the maturity, and diligence in collection.

14. **Attorneys' Fees.** If Holder or Company employs counsel to collect this Note or otherwise to exercise its remedies, including without limitation filing a claim in connection with any bankruptcy or insolvency proceedings, Maker shall pay the reasonable fees, costs and expenses of Holder and Company, including without limitation attorneys' fees, whether or not suit is brought.

15. **Limitations on Interest.** This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the principal balance at a rate which could subject Holder to either civil or criminal liability as a result of being in excess of the maximum rate which Maker is permitted by law to contract or agree to pay. If by the terms of this Note Maker is at any time required or obligated to pay interest on the principal balance at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and interest payable hereunder shall be computed at such maximum rate.

16. **Illegality.** If any Lender having outstanding any Eurodollar Advances shall determine that it may not lawfully continue to maintain and fund any of its outstanding Eurodollar Advances to maturity and shall so specify in a notice to the Company, Maker shall, upon request from the Company, promptly prepay in full the then outstanding principal amount of each such Eurodollar Advance together with accrued interest thereon in conjunction with a Base Rate Advance in a like principal amount from such Lender.

17. **Funding Losses.** If for any reason Maker makes any payment of principal with respect to any Eurodollar Advance on any day other than the last day of the Interest Period applicable thereto, or if Maker fails to borrow or prepay any Eurodollar Advance after notice thereof has been given, Maker shall, on request of the Company, reimburse each Lender within 30 days after demand for any resulting loss or expense incurred by it (or by any participant in the related Advance), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow, provided that such Lender has delivered to the Company (with a copy to the Agent) a certificate setting forth in reasonable detail calculations as to the amount of such loss or expense, which certificate shall be conclusive and binding on Maker in the absence of manifest error.

18. **Role of Agent.** Maker acknowledges and agrees that this Note is made payable to the order of the Agent as a matter of administrative convenience and that this Note evidences a number of discreet loans in the aggregate principal amount set forth in the first paragraph of this Note, which loans have been made on the same date by the Lenders.

19. **Authority of the Company.** Maker irrevocably authorizes the Company from time to time to give and receive notices and directions on behalf of Maker with respect to this Note (including without limitation notices with respect to borrowing, repayment, the selection of Interest Periods, the selection of Eurodollar Advances or Base Rate Advances, and the basis upon which interest shall be calculated). Maker irrevocably and unconditionally agrees to be
bound by such notices and directions by the Company, and agrees that the Agent and the Lenders may rely upon, and shall incur no liability by acting upon, any such notices or directions and the Company shall incur no liability to Maker in connection therewith.

20. **The Facility Account.** Maker irrevocably directs the Agent to disburse the proceeds of this Note to the Facility Account and agrees that such funds shall be deemed received by Maker (and interest shall commence accruing thereupon) upon the deposit of such amounts in the Facility Account. The foregoing shall be true without respect to whether or when such amounts are transmitted by the Company to Maker, and Maker irrevocably releases the Lenders, the Agent and their respective officers, directors and employees from any and all liabilities in respect of any misdirection or misapplication of such funds by the Company. Maker agrees that, notwithstanding its deposit of funds into the Facility Account as a step towards payment of any amount due under the Loan Documents, such amounts shall be deemed received by the Lenders (and, if applicable, interest thereon shall cease accruing) only upon the actual receipt by the Agent or the Lenders, as applicable, of such amount (it being understood that for such purpose the Facility Account is an account of the Company, not of the Agent or the Lenders) and Maker shall have no interest in or claim on the Facility Account or amounts therein. Maker agrees that the Company may in its discretion transfer to the Agent, or hold, any such amounts in the Facility Account or otherwise withdraw and invest such amounts, and not transfer such amounts to the Agent for purposes of payment hereunder until the end of any current Interest Period relating thereto or otherwise as the Company determines appropriate.

21. **Notice.** Whenever any party hereto shall desire to, or be required to, give or serve any notice, demand, request or other communication with respect to this Note, each such notice, demand, request or communication shall be in writing and shall be effective only if the same is delivered by personal service (including, without limitation, courier or express service) or mailed certified or registered mail, postage prepaid, return receipt requested, or sent by facsimile transmission with confirmation of receipt, to the parties at the addresses and facsimile numbers shown throughout this Note or such other addresses which the parties may provide to one another in accordance herewith. If notice is sent to Holder or Company, a copy of such notice shall also be given to Jeffer, Mangels, Butler & Marmaro LLP, 1900 Avenue of the Stars, 7th Floor, Los Angeles, California 90067; Attention: Frederick W. Gartside, Esq. Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with this Section will be effective upon execution by the addressee of the return receipt. Notices delivered via facsimile will be effective upon confirmation of receipt.

22. **Recourse Obligation.** This Note is specifically a full recourse obligation, and nothing herein contained shall be construed to prevent Holder from proceeding personally against Maker under this Note. Maker may not transfer its obligations under this Note without the prior written consent of Holder and Company.

23. **Subordination.** Holder agrees that payments on this Note shall be subordinate and inferior to all payments with respect to any Project Loan (other than to the Company or an affiliate of the Company) and that Holder shall not seek or accept any payments in violation of any applicable loan documents, and that if Holder receives payments during the pendency of a default, it shall hold such payments in trust for the benefit of the holder of such Project Loan.
(other than a Project Loan to the Company or an affiliate of the Company). Notwithstanding the foregoing, nothing herein shall preclude any Company payments to Holder pursuant to the guaranty of the Note given by the Company pursuant to the Facility Agreement.

24. **Termination.** This Note may not be terminated or amended orally, but only by a termination in writing signed by Holder and Company or an amendment in writing signed by Holder, Maker and Company. This Note shall inure to the benefit of Agent, Lenders and their respective successors and assigns.

25. **Business Purpose.** Maker certifies that this loan is obtained, and the proceeds of the Loans will be used by Maker for, its business purposes, and that the proceeds thereof will not be used for personal, family, household or agricultural purposes, and that no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation G or Regulation U of the Board of Governors of the Federal Reserve System). Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System (relating to margin stock in the case of each such regulation).

26. **Representations and Warranties.** Maker makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Holder, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

   (a) Maker's Employer Identification Number is 26-1203020 and its principal place of business is at the address first written above.

   (b) Maker agrees that it shall not, without prior written notification to Holder, move or otherwise change its principal place of business.

27. **CHOICE OF LAW.** THIS NOTE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES FURTHER AGREE THAT IN THE EVENT OF DEFAULT, THIS NOTE MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE OF TEXAS AND THEY DO HEREBY SUBMIT TO THE JURISDICTION OF ANY AND ALL SUCH COURTS REGARDLESS OF THEIR RESIDENCE OR WHERE THIS NOTE OR ANY ENDORSEMENT HEREOF MAY BE EXECUTED.

28. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND ACKNOWLEDGING THAT THE CONSEQUENCES OF SAID WAIVER ARE FULLY UNDERSTOOD, MAKER HEREBY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY (AND BY ACCEPTANCE HEREOF, THE AGENT AND EACH LENDER WAIVES SUCH RIGHT), THE RIGHT TO INTERPOSE ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS, ANY CLAIM OF LACHES AND ANY SETOFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION IN ANY ACTION OR
PROCEEDING INSTITUTED AGAINST MAKER OR ANY OTHER PERSON LIABLE ON THIS NOTE. MAKER ACKNOWLEDGES AND AGREES THAT HOLDER SHALL HAVE ALL RIGHTS OF A THIRD PARTY CREDITOR WITH RESPECT TO THIS NOTE, AND MAKER WAIVES AND RELEASES FOR ITSELF ALL CLAIMS TO THE CONTRARY.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
SIGNATURE PAGE TO THAT CERTAIN BRIDGE LOAN NOTE
GIVEN BY FARMERS BRANCH SENIOR COMMUNITY, L.P., A
TEXAS LIMITED PARTNERSHIP, TO CITICORP NORTH
AMERICA, INC., IN ITS CAPACITY AS AGENT FOR THE LENDERS

EXECUTED as of the date set forth above.

MAKER:

FARMERS BRANCH SENIOR COMMUNITY,
L.P., a Texas limited partnership

By: LifeNet-Farmers Branch, GP, L.L.C.,
General Partner

By: LifeNet Community Behavioral
Healthcare, a Texas non-profit
corporation, its sole Member

By: ____________________________
   Liam Mulvaney, President and
   Chief Executive Officer
Exhibit D

Description of Land

Legal Description

Farmers Branch Senior Community, L.P.
Exhibit "D"

BEING a tract of land situated in the Samuel P. Brown Survey, Abstract No. 158, in the City of Farmers Branch, Dallas County, Texas and being a part of Lot 3, Block A of the MIRA LAGO ADDITION, an addition to the City of Farmers Branch, Dallas County, Texas, according to the plat thereof recorded in Volume 2004136, Page 00134 of the Deed Records of Dallas County, Texas and all of Lot 3, Block A of the LAGO VISTA WEST ADDITION, an addition to the City of Farmers Branch, Dallas County, Texas, according to the plat thereof recorded under Instrument No. 200600276668 of the Official Public Records of Dallas County, Texas and being more particularly described as follows:

BEGINNING at a 1/2-inch iron rod found for the westerly common corner of the beforementioned Lot 3, Block A of the MIRA LAGO ADDITION and Lot 3, Block A of the LAGO VISTA WEST ADDITION;

THENCE with the westerly line of said Lot 3, Block A of the MIRA LAGO ADDITION, North 51°21'59" West, a distance of 90.52 feet to a 5/8-inch KHA capped iron rod set for corner;

THENCE leaving the westerly line of said Lot 3, Block A of the MIRA LAGO ADDITION, South 87°54'25" East, a distance of 554.50 feet to a 5/8-inch KHA capped iron rod set for corner in the west right-of-way line of Mira Lago Boulevard (called 90-foot wide public right-of-way);

THENCE with the said west right-of-way line of Mira Lago Boulevard, South 02°05'35" West, passing at a distance of 53.90 feet a 5/8-inch KHA capped iron rod set for the easterly common corner of the Lot 3, Block A of the MIRA LAGO ADDITION and Lot 3, Block A of the LAGO VISTA WEST ADDITION, in all a total distance of 308.69 feet to a 5/8-inch KHA capped iron rod set for easterly common corner of the Lots 2 and 3, Block A of the LAGO VISTA WEST ADDITION;

THENCE with the common line of said Lots 2 and 3, Block A, South 68°37'20" West, a distance of 210.06 feet to a 5/8-inch KHA capped iron rod set for westerly common corner of the Lots 2 and 3, Block A of the LAGO VISTA WEST ADDITION;

THENCE with the westerly line of said Lot 3, Block A, the following courses and distances to wit:
-- North 06°44'34" West, a distance of 54.06 feet to a 1/2-inch iron rod found for corner;
-- North 46°36'08" West, a distance of 205.80 feet to a 1/2-inch iron rod found for corner;
-- North 38°20'01" West, a distance of 94.81 feet to a 1/2-inch iron rod found for corner;
-- North 37°56'36" West, a distance of 100.60 feet to the Point of Beginning and containing 3.0000 acres of land, more or less.
Exhibit E

Owner's and Contractor's Affidavit
(Construction in Progress)

STATE OF ___________________)
COUNTY OF ___________________)

On this _____ day of __________, 200___, before me personally appeared Farmers Branch Senior Community, L.P., Owner, and __________, General Contractor, and __________, subcontractor to me personally known, who, being duly sworn on their oaths, did say that they are the Owner of the property hereinafter described and the General Contractor and primary subcontractor in connection with the construction or repair of the improvements located on said property as indicated above (if the word "None" appears in the above space preceding "General Contractor," Owner stated that construction or repair was made under its own supervision, no general contractor having been employed) and that all of the persons, firms and corporations, except those whose names, if any, appear on the Waiver of Liens on the reverse side hereof, including the General Contractor and all subcontractors who have furnished services, labor, or materials, according to plans and specifications, or extra items, used in the construction or repair of such improvements, have been paid for all labor or services performed and/or for all materials or supplies furnished up to the date hereof, that there are no mechanics' or materialmen's liens against said property and no claims outstanding which would entitle the holder thereof to claim a lien against the property (except those claims, if any, which are waived by the Waiver of Liens on the reverse side hereof). General Contractor and subcontractor hereby waive and release its right to file a mechanics' or materialmen's lien against said property, and

Further, that there are no financing statements, chattel mortgages, conditional bills of sale or retention of title agreements affecting any fixtures or any cabinets, mantles, awnings, doors or windows or screens therefor or any plumbing, lighting, heating, cooking, refrigerating, ventilating or air-conditioning equipment or apparatus used separately or in combination as packaged units or installations in connection with the improvements on the property, and

That this affidavit is made for the purpose of inducing the making of a loan on said property and Commonwealth Land Title Insurance Company ("Title Company") to issue its policy or policies insuring the title to said property without exception to, or providing insurance against, claims of mechanics, materialmen and laborers, and said affiants do hereby jointly and severally agree to indemnify and hold Title Company harmless of and from any and all loss, cost, damage and expense of every kind, including attorneys' fees, which said Title Company shall or may suffer or incur or become liable for under its said policy or policies directly or indirectly, out of such improvements, repairs or other construction on the property hereafter described or on account of any such mechanics' or materialmen's lien or liens or claim or claims, or in connection with its enforcement of its rights under this affidavit.
The real estate and improvements referred to herein are situated in Farmers Branch, Texas, and are briefly described as a 90-unit multifamily apartment complex.

FARMERS BRANCH SENIOR COMMUNITY, L.P.,
a Texas limited partnership

By: LifeNet-Farmers Branch, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: Liam Mulvaney, President and Chief Executive Officer

[CONTRACTOR], a [Contractor State/Entity]

[SAMPLE ONLY - NOT FOR SIGNATURE]

By: [Contractor Signatory],
[Contractor Signatory Title]

[SUBCONTRACTOR], a [Subcontractor State/Entity]

[SAMPLE ONLY - NOT FOR SIGNATURE]

By: [subcontractor Signatory],
[subcontractor Signatory Title]
The foregoing instrument was acknowledged before me this ____ day of __________, 200__, by Liam Mulvaney, as President and Chief Executive Officer of LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, sole member of LifeNet-Farmers Branch, GP, L.L.C., General Partner of Farmers Branch Senior Community, L.P., a Texas limited partnership.

WITNESS my hand and official seal.

My commission expires: ____________________

__________________________________________________________________________

Notary Public
STATE OF _________________  
COUNTY OF _________________  

The foregoing instrument was acknowledged before me this ___ day of _________________, 200___, by [Contractor Signatory], as [Contractor Signatory Title] of [Contractor], a [Contractor State/Entity].

WITNESS my hand and official seal.

My commission expires: _________________

____________________________________
Notary Public
Exhibit F

Development Budget
Exhibit G

Management Agreement
MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made as of October 25, 2007, by and between FARMERS BRANCH SENIOR COMMUNITY, L.P., a Texas limited partnership ("Owner"), and Churchill Residential Management, L.P., a Texas limited partnership ("Manager").

A. Owner is the owner of a 90-unit multifamily apartment complex intended for rental to persons of low and moderate income, known as Evergreen at Farmers Branch Senior Apartments, and located in Farmers Branch, Texas (the "Apartment Complex").

B. LifeNet-Farmers Branch, GP, L.L.C., a Texas limited liability company, as the general partner (the "General Partner"), Churchill Residential, Inc., as special limited partner ("SLP"), and SunAmerica Housing Fund 1555, A Nevada Limited Partnership ("SHF"), as the limited partner, are the sole partners of Owner.

C. Owner is governed by its Amended and Restated Agreement of Limited Partnership dated as of October 25, 2007 (such agreement and any amendments or modifications made hereafter is referred to herein collectively as the "Partnership Agreement").

D. Manager is an Affiliate of SLP.

E. Manager is engaged in the business of property management.

F. Owner desires to engage Manager as property manager under the terms set forth in this Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Owner and Manager mutually agree as follows:

1. DEFINITIONS.

"Affiliate" means any person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with a designated Person.

"Agency" means the Texas Department of Housing and Community Affairs, in its capacity as the designated agency of the State in which the Apartment Complex is located to allocate Tax Credits, acting through any authorized representative.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Excluded Revenues" means any revenues from condemnation or casualty proceeds, any cash advances from Owner or any partner of Owner, loss of rental or other type of business interruption insurance; refunds or rebates from suppliers or vendors, revenue from the sale of any personal or real property of Owner, deposits (until forfeited), or from any source other than the customary operations of the Apartment Complex.
"Extended Use Agreement" means the extended low-income housing commitment executed or to be executed by the Owner and properly recorded in the appropriate land records for the jurisdiction in which the Apartment Complex is located, setting forth certain terms and conditions under which the Apartment Complex is to be operated and which meets the requirements of Section 42(h)(6)(B) of the Code.

"Gross Operating Revenues" means the actual monthly cash collections from the customary operations of the Apartment Complex consisting of rental (for apartment units, parking garages (if any) or other facilities), vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, late charges, cleaning fees, pet fees and other operating receipts, excluding applicable sales tax and refundable deposits); Gross Operating Revenues shall not include Excluded Revenues.

"Person" means any individual, partnership, corporation, trust, limited liability company or other entity.

"Project Lenders" shall mean any Person in its capacity as a holder of a Project Loan.

"Project Loans" shall mean secured loans made to the Owner.

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions heretofore or hereafter entered into between the Owner and the Project Lender or any applicable government agency setting forth certain terms and conditions under which the Apartment Complex is to be operated, including without limitation the extended use agreement required in connection with the Tax Credits under Section 42 of the Code.

"Regulatory Requirements" has the meaning set forth in Section 5(f)(vii) of this Agreement.

"Reserve For Replacements" means the reserve for replacements maintained pursuant to Section 6.14 of the Partnership Agreement.

"Tax Credit" means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

"Tax Credit Tests" means the following: (a) that at least forty percent (40%) of the units in the Apartment Complex must be occupied by households with income at or below sixty percent (60%) of the area median gross income as required by Section 42(g)(1) of the Code, (b) that gross rents paid by tenants of low-income units in the Apartment Complex must not exceed thirty percent (30%) of the qualifying income standard applicable to the Apartment Complex as required by Section 42(g)(2)(A) of the Code and (c) that at least eighty percent (80%) the gross income from the Apartment Complex in every year must be rental income from or with respect to dwelling units in the Apartment Complex used to provide living accommodations not on a transient basis.
2. **APPOINTMENT OF MANAGER.** On and subject to the terms and conditions of this Agreement, Owner hereby retains Manager commencing on the date on which Owner provides notice to Manager (the "Commencement Date") to manage and lease the Apartment Complex.

3. **TERM.** This Agreement shall commence on the Commencement Date and, subject to Section 10 of this Agreement, shall expire on the date twelve months from the Commencement Date (the "Original Term"). The term will be automatically renewed at the end of the Original Term or any later Renewal Term (each one-year term after the Original Term being referred to herein as a Renewal Term) for an additional one year, unless terminated in accordance with the provisions of such Section 10. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term.

4. **MANAGEMENT FEES.** In consideration of the performance by Manager of its duties and obligations hereunder, Owner shall pay to Manager a management fee ("Management Fee") equal to 5% of Gross Operating Revenues, which fee is calculated with respect to the preceding calendar month and payable on the tenth day of each calendar month, beginning with the month after the month during which the Commencement Date occurs; provided, however, the Management Fee shall not be less than $3,000 for the Original Term. Manager shall submit to Owner an invoice detailing the calculation of the Management Fee each month, no later than the fifth day of the next succeeding month. If the first or last month of this Agreement is not a complete calendar month, the Management Fee for such month shall be calculated on the basis of Gross Operating Revenues for the entire month, and the amount payable for such month shall then be prorated based on the number of days during such month that this Agreement was in effect. As an Affiliate of Owner, Manager agrees to accrue the Management Fee to the extent necessary at any time to prevent a default under the Project Loans and such accrued portion shall be paid without interest when such payment would not cause a default to occur under the Project Loans.

5. **AUTHORITY AND RESPONSIBILITIES OF MANAGER.**

   (a) **Independent Contractor.** In the performance of its duties hereunder, the Manager shall be and act as an independent contractor, with the sole duty to supervise, manage, operate, control and direct performance of the details of its duties incident to the specified duties and obligations hereunder, subject to the rights of the Owner, as described herein. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture or employment relationship, or otherwise to create any liability for one party with respect to indebtedness, liabilities or obligations of the other party except as otherwise may be expressly set forth herein.

   (b) **Standard of Care.** Manager shall perform its duties and obligations in a professional, competent, businesslike and efficient manner as would a first class property manager of apartment projects similar to the Apartment Complex and apartment projects generating Tax Credits.

   (c) **Depository Accounts.** All rents and other revenue from the Apartment Complex shall be deposited by Manager into one or more deposit accounts designated by Owner.
and insured by the Federal Deposit Insurance Corporation (each a "Depository Account"). The Depository Account shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Depository Account with any other funds. Checks may be drawn upon such Depository Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager. Manager shall not use a "standardized clearing account" for any Depository Account. The Depository Account shall be established in the name of the Manager to be held in trust for the Owner.

(d) Security Deposits. Manager shall deposit and maintain all security deposits in a separate account designated by Owner and be insured by the Federal Deposit Insurance Corporation (each a "Security Account"). The Security Account shall be distinct from the Depository Account and shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Security Account with any other funds. Checks may be drawn upon the Security Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager. Manager shall not use a "standardized clearing account" for the Security Account. The Security Account shall be established in the name of the Manager to be held in trust for the Owner.

(e) Budgets. Manager shall prepare and present to Owner in a format approved by Owner, prior to the Commencement Date and annually thereafter, by November 15, annual operating budgets for the following calendar year for the Apartment Complex; which once approved by Owner, SHF and Manager shall be the budget ("Budget"). Except in cases of emergency, without the written approval of Owner, Manager shall not incur any expenses that are not included within the approved budget for the current year. Once a Budget is approved by Owner, any variations or changes must be approved by Owner in writing.

(f) Leasing, Collection of Rents, Etc.

(i) Manager shall use its best efforts consistent with the standard of care set forth herein to lease apartment units in accordance with the Regulatory Requirements, retain residents and maximize Gross Operating Revenues.

(ii) Manager shall sign apartment leases in its capacity as property manager hereunder. Manager shall only sign leases in the form of lease approved by Owner. Manager shall not enter into any lease which has a term greater than 12 months.

(iii) Manager shall collect rents, security deposits and other charges payable by tenants in accordance with the tenant leases, and shall collect Gross Operating Revenues due Owner with respect to the Apartment Complex from all other sources, and shall deposit all such monies received immediately upon receipt as provided in Section 5(c) and Section 5(d) of this Agreement. If Manager receives Excluded Revenues, it shall immediately deposit them in an account designated by Owner.

(iv) Manager shall pay all debt service, monthly bills and insurance premiums on the Apartment Complex as set forth in the Budget from the Depository Account. Manager shall also make deposits of monies from the Depository Account into the account
designated by Owner as the Reserve for Replacements account which are required under the Project Loans and the Partnership Agreement.

(v) Manager shall, at Owner's expense, terminate leases, evict tenants, institute and settle suits for delinquent payments as Manager deems advisable, subject to other provisions of this Agreement. In connection therewith, Manager may, at Owner's expense from available cash flow, as limited by the provisions of Section 5(m) of this Agreement, consult and retain legal counsel.

(vi) Manager shall, on the twenty-fifth (25th) day of each month, pay Owner an amount equal to Gross Operating Revenues, less amounts paid for approved operating expenses of the Apartment Complex in accordance with this Agreement.

(vii) Manager acknowledges the Owner's objective of obtaining Tax Credits for one hundred percent (100%) of the units in the Apartment Complex. Manager represents and warrants that it is familiar with Section 42 of the Code and the requirements thereto including without limitation (A) the Tax Credit Tests, (B) the Extended Use Agreement, (C) the Regulatory Agreement, if any, (D) the requirements in Section 42(g)(2)(D) of the Code that the next available unit must be rented to a low-income tenant if income rises above 140 percent of income limit; (E) rules and regulations regarding qualification for Tax Credits where units are vacant; and (F) rules and regulations by the Agency (collectively referred to herein as the "Regulatory Requirements").

(viii) Manager agrees to operate the Apartment Complex in a manner which meets the Regulatory Requirements, including but not limited to the following:

(A) To cause the apartment units in the Apartment Complex to be leased to suitable tenants who comply with all Regulatory Requirements;

(B) To obtain from all tenants in the Apartment Complex the right to receive annual reports from such tenants concerning their incomes and family sizes and any other information required by the Regulatory Requirements;

(C) To execute a lease for any rental unit in respect of which Tax Credits have been allocated to the Owner only upon first obtaining certification from the tenant, and such other information as may be required by the Regulatory Requirements to determine income criteria for low-income housing, that the tenant satisfies the income criteria for low-income housing;

(D) To prepare for Owner's signature, and then to file in a proper manner, the annual certifications required by the provisions of law referred to in Section 42(g)(4) of the Code; and

(E) To cause the Apartment Complex to be operated in a manner that complies with all other statutes, regulations and agreements which must be complied with in order for Owner to obtain the Tax Credits with respect to at least one hundred percent (100%) of units in the Apartment Complex.
Manager agrees that it will comply with the requirements of Section 42 of the Code relating to residential building operations.

Manager acknowledges receipt of the Tax Credit Compliance Manual (3rd Edition) proposed by SunAmerica Affordable Housing Partners, Inc. ("Manual") and shall comply with the terms and conditions set forth in the Manual.

The responsibilities and services included in this Section 5 as part of Manager's duties shall not entitle Manager to any additional compensation over and above the Management Fee. Manager shall not be entitled to any compensation based upon any Apartment Complex financing or sale of the Apartment Complex, unless Manager is engaged by Owner pursuant to a separate agreement approved in writing by SHF to provide brokerage services in connection therewith, in which case Manager's right to compensation for Apartment Complex financing or sale shall be based upon such separate agreement.

Repair, Maintenance and Service.

Manager shall maintain the Apartment Complex in good repair and condition, consistent with the standard of care set forth herein.

Subject to the other terms and conditions of this Agreement, Manager in its capacity hereunder shall execute contracts for water, electricity, gas (if provided), telephone, television, vermin or pest extermination and any other services which are necessary to properly maintain the Apartment Complex. Manager shall, in Owner's name and at Owner's expense, out of available cash flow, hire and discharge independent contractors for the repair and maintenance of the Apartment Complex. Other than tenant leases, which Manager is authorized to execute hereunder, Manager shall not, without the prior written consent of the Owner, enter into any contract in name of Owner which may not be terminated without payment of penalty or premium with thirty (30) days notice. Manager shall act at arms length with all contractors and shall employ no Affiliates of Manager or the General Partner without the prior written consent of the Owner and SHF.

Manager's Employees. Manager shall have in its employ at all times a sufficient number of employees to enable it to professionally manage the Apartment Complex in accordance with the terms of this Agreement. Manager shall prepare, execute and file all forms, reports and returns required by applicable laws. All payroll costs for on-site employees shall be at Owner's expense from available cash flow. If an employee (other than a supervisory employee) is assigned to the Apartment Complex and one or more other properties managed by Manager, a portion of the payroll costs of such employee will be reimbursable by Owner, based on the respective amounts of time (as indicated on a time card kept by such employee) that the employee devotes to the Apartment Complex and such other properties. However, Owner shall not pay or reimburse Manager for all or any part of Manager's general, administrative and overhead expenses, including salaries and payroll expenses of personnel of Manager not working full or part-time on-site. All matters pertaining to the employment and supervision of all of Manager's employees shall be the sole responsibility of the Manager, which in all respects shall be the employer of such employees, and Owner shall have no liability with respect to such matters.
(i) **Manager's Insurance.** With respect to its operations of the Apartment Complex, Manager shall carry, (i) worker's compensation insurance for compensation to any person engaged in the performance of any work undertaken under this Agreement, including employer's liability and umbrella coverage with combined limits of not less than $1,000,000 each employee and each occupational disease; such policy must be in compliance with the statutory requirements of the state in which the Apartment Complex is located, (ii) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than $5,000,000 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Owner shall reasonably require, (iii) a crime insurance policy including insuring agreement for employee dishonesty, forgery and alteration, theft, disappearance & destruction, and robbery and safe burglary, with limits of liability for each insuring agreement of not less than $100,000 and a maximum deductible of $1,000 per claim, and (iv) if the Manager provides services similar to those set forth in this Agreement to third-party clients with which the Manager has no other affiliation, a professional liability insurance policy covering all the activities of Manager; such policy shall be written on a "claims made" basis, with limits of at least $1,000,000 in the aggregate and with a maximum deductible of $10,000. Any loss within the deductibles of these policies shall be borne by Manager. All policies of insurance shall be maintained in effect during the period of the Agreement. Each policy shall be from an insurance company rated "A" or higher by the A.M. Best Insurance Guide, with a financial size category rating of 12 or higher. Each policy shall be endorsed to include the provision giving the Owner at least thirty (30) days prior written notice of cancellation, non-renewal or material change of the policy. The Commercial General Liability insurance policy shall be endorsed to include as additional insured the Owner, SHF, AIG Retirement Services, Inc. ("RSI"), and SunAmerica Affordable Housing Partners, Inc. Manager shall furnish Owner with copies of all such endorsements, and with Certificates of Insurance evidencing such policies and the renewals thereof. Owner shall further have the right to receive full copies of the insurance policies for its review. Other than the cost for worker's compensation insurance, the Manager shall pay without any right of reimbursement all costs of maintaining the insurance required under this Section.

(j) **Owner's Insurance.** Owner shall carry, at its expense, such insurance as it deems appropriate. The commercial general liability and excess/umbrella liability policies, if any, for Owner shall be endorsed to include Manager as an additional insured.

(k) **Waiver of Subrogation.** Manager hereby waives all rights of recovery against Owner, each person who holds a direct or indirect ownership interest in Owner, and the respective partners, officers, directors, trustees, agents, employees and affiliates of Owner and such owners for any Claim (as hereinafter defined) covered under any insurance policy that is maintained by Owner or Manager (whether or not required by this Agreement). Manager shall upon obtaining the policies of insurance required by this Section, notify the insurance carrier that the foregoing waiver is contained in this Agreement and shall require such carrier to include an appropriate waiver of subrogation provision in the insurance policies.

(l) **Maintenance of Records.** Manager agrees to keep and maintain at all times all necessary books and records relating to the leasing, management and operation of the Apartment Complex, including all books and records relating to the reporting requirements under Code Section 42, and to prepare and render to Owner monthly itemized accounts of receipts and
disbursements incurred in connection with its leasing operation and management by the twentieth (20th) day of the following month. Unless Owner, in writing, expressly directs, Manager shall not be required to file any reports other than such monthly statements and annual reports required under Section 5(f)(viii)(D). An annual audit report shall be prepared at Owner's expense, out of available cash flow, showing a balance sheet and an income and expense statement, all in reasonable detail and certified by an independent Certified Public Accountant. All books, correspondence and data pertaining to the leasing, management and operation of the Apartment Complex shall, at all times, be safely preserved. Such books, correspondence and data shall be available to Owner at all reasonable times, and shall, upon the termination of this Agreement be delivered to Owner in their entirety and upon request of Owner be delivered to Owner within thirty (30) days of such request. Manager shall maintain files of all original documents relating to reporting requirements under Section 42 of the Code, leases, vendors and all other business of the Apartment Complex in an orderly fashion at the Apartment Complex, which files shall be the property of Owner and shall at all times be open to Owner's inspection.

(m) Operating Expenses. Manager shall use reasonable efforts to minimize operating expenses by obtaining competitive pricing on all services and obtaining at least three bids on expenditures exceeding Ten Thousand and No/100 Dollars ($10,000) (a "major expenditure"). Manager shall use reasonable efforts to comply with the limitations on expenditures set forth in the Budget. Manager shall obtain Owner's prior written consent before incurring on behalf of Owner any single expenditure in excess of Five Thousand Dollars ($5,000) excluding utility bills and other normal and recurring expenses included in the Budget, except in an emergency in which case Manager may incur such expenses as are reasonably necessary to protect life and property. Manager shall notify Owner of any such emergency expenses as soon as practicable after they are incurred but in no event later than three (3) days thereafter. Manager shall not request payment of any invoices, whether to itself or a third party, marked-up above cost, nor shall Manager request payment of any compliance fees, marketing fees, mark-up on employees' salary or travel or fees for personnel off-site.

(n) Legal Proceedings and Compliance with Applicable Laws.

(i) Manager shall promptly notify Owner in writing of the receipt or service of any demand, notice or legal process upon Manager (although Manager is not authorized to accept service of process on behalf of the Owner), or the occurrence of any significant casualty loss, injury or damage on or about the Apartment Complex;

(ii) Manager shall fully comply and cause its employees to fully comply, with all applicable laws in connection with this Agreement and the performance of its obligations hereunder, including all federal, state and local laws, ordinances and regulations relative to the leasing, use, operation, repair and maintenance of the Apartment Complex and the operations of Manager, including without limitation, laws prohibiting discrimination in housing, employment laws (including those related to unfair labor practices), laws regarding tenant security deposits and laws regarding the storage, release and disposal of hazardous materials, and toxic substances, including without limitation, asbestos, petroleum and petroleum products.

(iii) Manager agrees that it shall not, and shall cause its employees to not, cause any hazardous materials or toxic substances, to be stored, released or disposed of on or
in the Apartment Complex except as may be incidental to the operation of any apartment project (e.g., cleaning supplies, fertilizers, paint, pool supplies and chemicals) and then only in complete compliance with all applicable laws and regulations and in conformity with good property management. If (a) there is a violation of applicable laws regarding the storage, release and disposal of such hazardous materials, or toxic substances, or (b) Manager reasonably believes that the storage, release or disposal of any hazardous material, petroleum product, or toxic substances, could cause liability to the Owner, including any releases caused by Tenants, third parties or employees, on the Apartment Complex, Manager shall notify Owner immediately.

(iv) Subject to the Regulatory Requirements, the Manager agrees that the Apartment Complex shall be offered to all prospective tenants on a nondiscriminatory basis without regard to race, color, religion, sex, family status, handicap or national origin in accordance with applicable law.

(o) Computers. All computers, hardware, software, computer upgrades and maintenance in connection therewith for the Apartment Complex shall be at Owner's expense.

6. REPRESENTATIONS AND DUTIES OF MANAGER. The Manager represents, warrants, covenants and agrees that:

(a) it has the authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement;

(b) when executed, this Agreement shall constitute the valid and legally binding obligation of the Manager in accordance with its terms;

(c) the Manager has all necessary licenses, consents and permissions to enter into this Agreement, manage the Apartment Complex, and otherwise comply with and perform Manager’s obligations and duties hereunder. Manager shall comply with any conditions or requirements set out in any such licenses, consents and permissions, and shall at all times operate and manage the Apartment Complex in accordance with such conditions and requirements;

(d) during the term of this Agreement, the Manager will be a valid corporation, duly organized under the laws of the State of its formation, and shall have full power and authority to manage the Apartment Complex, and otherwise comply with and perform Manager’s obligations and duties under this Agreement;

(e) the Apartment Complex shall be managed in a manner to satisfy all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits;

(f) the Manager shall comply with the requirements under the Partnership Agreement and Project Loans for the Reserve For Replacements. Withdrawals from the Reserve For Replacements shall be subject to the approval of the Owner and, to the extent necessary under the Partnership Agreement, SHF, in their sole discretion.

7. REPRESENTATIONS OF OWNER. The Owner represents and warrants, that:
8. INDEMNIFICATION.

(a) Indemnification of Owner. The Manager shall indemnify, protect, defend (with legal counsel approved by Owner) and hold harmless Owner and Owner's partners, including SHF, together with the respective officers, directors, agents, employees and affiliates of Owner and the partners of Owner, including, without limitation, RSI (collectively "Indemnitees") from and against any and all claims, demands, actions, liabilities, losses, costs, expenses, damages, penalties, interest, fines, injuries and obligations, including reasonable attorneys' fees, court costs and litigation expenses ("Claims") incurred by any Indemnitee as a result of (i) any act by Manager (or any officer, member, manager, agent, employee or contractor of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act by Manager (or any officer, member, manager, agent, employee or contractor of Manager) constituting negligence, misconduct, fraud or breach of this Agreement, other than as covered by Owner's then existing insurance (for negligence or misconduct only), (iii) Claims made by current or former employees or applicants for employment arising from hiring, supervising or firing same, (iv) any act or omission by Manager, its employees, officers, members, managers, agents or contractors in violation of any applicable law, or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Apartment Complex, including, without limitation, any loss (or deferral) of Tax Credits.

(b) Indemnification of Manager by Owner. Owner shall indemnify, protect, defend and hold harmless Manager from and against any and all Claims incurred by Manager resulting from performance of its obligations under this Agreement, except that this indemnification shall not apply with respect to any Claims resulting from (i) any act by Manager (or any officer, member, manager, agent or employee or contractor of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act constituting negligence, misconduct, fraud or breach of this Agreement, (iii) Claims made by current, former employees or applicants for employment arising from hiring, supervising or firing same, (iv) any act by Manager, its officers, members, managers, employees, agents or contractors in violation of any applicable law or (v) Manager's failure to comply with the Regulatory Requirements in the leasing and management of the Apartment Complex, including, without limitation, any loss (or deferral) of Tax Credits. Owner shall control, without recourse, all aspects of Manager's defense against any Claims in matters in which Manager is entitled to indemnification under this Paragraph 8(b). If at any time during the course of such defense Owner determines, in its reasonable judgment, that such Claim results from an event, action or nonaction for which Manager is not entitled to indemnification hereunder, Owner shall automatically be entitled to immediate reimbursement for all losses, costs and expenses incurred on behalf of itself and of Manager incurred to the date of such determination.
9. **DEFAULTS.**

(a) **Manager's Event of Default.** Manager shall be deemed to be in default hereunder upon the happening of any of the following ("Manager's Event of Default"):  

(i) The failure by Manager to keep, observe or perform any covenant, agreement, term or provision of this Agreement and the continuation of such failure, in full or in part, for a period of thirty (30) days after written notice thereof by Owner to Manager, provided that if such default cannot be cured within such 30 day period, then provided Manager is diligently pursuing such cure to completion, such reasonable period as necessary to cure such default, not to exceed 90 days in addition to such initial 30 day period.

(ii) The request by Manager of payment of any invoice, whether to itself or a third party, marked-up above cost as prohibited herein;

(iii) The making of a general assignment by Manager for benefit of its creditors, the filing by Manager with any bankruptcy court of competent jurisdiction of a voluntary petition under Title 11 of U.S. Code, as amended from time to time, the filing by Manager of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, Manager being the subject of any order for relief issued under such Title 11 of the U.S. Code, as amended from time to time, or the dissolution or liquidation of Manager; or

(iv) The misapplication, misappropriation or commingling of funds held by Manager for the benefit of Owner, including the payment of fees to Affiliates of the Manager or the loaning of funds to Affiliates.

(b) **Remedies of Owner.** Upon a Manager's Event of Default, Owner shall be entitled (i) to terminate in writing this Agreement effective as of the date designated by Owner (which may be the date upon which notice is given), and/or (ii) to pursue any remedy at law or in equity, including without limitation, an action for compensatory damages or specific performance. All of Owner's rights and remedies shall be cumulative.

(c) **Owner's Event of Default.** Owner shall be deemed to be in default hereunder (an "Owner's Event of Default") if Owner shall fail to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of thirty (30) days after written notice thereof by Manager to Owner, or if such default cannot be cured within such thirty (30) day period, then such additional period as shall be reasonable, provided Owner commences to cure such default within such thirty (30) day period and proceeds diligently to prosecute such cure to completion.

(d) **Remedies of Manager.** Upon an Owner's Event of Default, Manager shall be entitled (i) to terminate in writing this Agreement effective as of the date designated by Manager which is at least 10 days after receipt of such notice of termination by Owner provided
the Event of Default has not then been cured or such cure commenced, and/or (ii) to pursue an
action for the actual compensatory damages incurred by Manager (which action must take into
consideration Owner's termination right under Section 10(d) of this Agreement). Manager
expressly agrees that termination and compensatory monetary damages are its sole rights and
remedies with respect to an Owner's Event of Default and Manager expressly waives and
releases the right to seek equitable relief, including specific performance or injunctive relief, and
to sue for any consequential or punitive damages.

10. TERMINATION RIGHTS.

(a) Expiration of Term. If not sooner terminated, this Agreement shall
terminate on the expiration of its term set forth in Section 3 of this Agreement.

(b) Termination By Owner Upon Manager's Event of Default. Upon a
Manager's Event of Default, Owner may terminate this Agreement as specified in Section 9(b)
of this Agreement.

(c) Termination By Manager Upon Owner's Event of Default. Upon an
Owner's Event of Default, Manager may terminate this Agreement as specified in Section 9(d)
of this Agreement.

(d) Termination By Owner Without Cause. Even in the absence of any other
express right to terminate this Agreement, Owner may terminate this Agreement upon written
notice at any time upon thirty (30) days' prior notice from the Owner.

(e) Termination Upon Sale of the Apartment Complex. If the Apartment
Complex is sold, conveyed or transferred during the term hereof, this Agreement shall terminate.

(f) Termination Upon Removal. If the SLP of Owner is removed as a limited
partner pursuant to the Partnership Agreement, this Agreement shall terminate upon notice of
termination from Owner on the termination date specified in such notice from Owner.

(g) Effect of Termination Upon Payment of Fees. Upon the termination of
this Agreement for any reason, Manager shall be entitled to its earned, but unpaid fees, for the
period prior to the termination but Manager shall not be entitled to any other compensation,
damages or fees, including any fees relating to the period after the date of termination of this
Agreement; provided that in the case of termination by Manager pursuant to Section 9(d) of this
Agreement, Manager shall be entitled to pursue an action for actual, compensatory damages as
specified in such Section 9(d).

(h) Delivery of Apartment Complex Upon Termination. Immediately after
termination of this Agreement for any reason, Manager shall deliver to or as directed by Owner
all funds, checks, keys, lease files, books and records and other Confidential Information (as
defined below) to Owner. Immediately after termination, Manager shall leave the Apartment
Complex and cause its employees to leave the Apartment Complex without causing any damage
thereto. Under no circumstances shall any default by Owner give rise to any lien on the
Apartment Complex or give rise to a right of Manager to stay on the Apartment Complex after
the date of termination. Termination of this Agreement under any of the provisions of this
Agreement shall not release either party as against the other from liability for failure to perform any of its duties or obligations as expressed herein and required to be performed prior to such termination. Manager agrees to cooperate with Owner in the obligations set forth in this Section 10(h).

11. CONFIDENTIALITY.

(a) Preservation of Confidentiality. In connection with the performance of obligations hereunder, Manager acknowledges that it will have access to "Confidential Information" (as defined below). Manager shall treat such Confidential Information as proprietary to Owner and private, and shall preserve the confidentiality thereof and not disclose, or cause or permit its employees, agents or contractors to disclose, such Confidential Information. Notwithstanding the foregoing, Manager shall have the right to disclose Confidential Information if and only to the extent it is required by court order to disclose any Confidential Information. "Confidential Information" shall mean the books, records, business practices, methods of operations, computer software, financial models, financial information, policies and procedures, and all other information relating to Owner and the Apartment Complex (including any such information relating to the Apartment Complex generated by the Manager), which is not available to the public. If Manager or anyone to whom Manager transmits Confidential Information pursuant to this Agreement becomes legally compelled to disclose any of the Confidential Information, Manager shall provide Owner with prompt notice thereof so that Owner may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained by Owner or Owner waives compliance with the provisions of this Agreement, Manager shall furnish or cause to be furnished only that portion of the Confidential Information which Manager is required by applicable law to furnish, and will exercise commercially reasonable efforts to obtain reliable assurances that confidential treatment is accorded the Confidential Information so furnished.

(b) Property Right in Confidential Information. All Confidential Information shall remain the property of Owner and Manager shall have no ownership interest therein.

12. SURVIVAL OF AGREEMENT. All indemnity obligations set forth herein, all obligations to pay earned and accrued fees and expenses, all confidentiality obligations, and all obligations to perform and duties accrued prior to the date of termination shall survive the termination of this Agreement.

13. ENFORCEMENT OF AGREEMENT. This Agreement, its interpretation, performance and enforcement, and the rights and remedies of the parties hereto, shall be governed and construed by and in accordance with the law of the State in which the Apartment Complex is located. In any dispute pertaining to, or litigation or arbitration to enforce or interpret the provisions of, this Agreement, the prevailing party shall be entitled to recover its attorneys fees and costs, including those incurred in connection with all appellate levels, bankruptcy, mediation or otherwise to maintain such action, from the losing party.

14. ASSIGNMENT. Manager shall not directly or indirectly (except with the consent of Owner and SHF, and of any lender or governmental entity, if required) sell, assign or
otherwise transfer by operation of law or otherwise all or any part of the legal or beneficial interests in the Manager or all or any part of its rights or obligations under this Agreement.

15. NOTICES. All notices, demands, requests or other communications ("Notices") to be sent by one party to the other hereunder or required by law shall be in writing, shall be delivered personally, sent by overnight mail, sent by United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sent by facsimile transmission, addressed as follows:

If to Owner: 10405 E. Northwest Highway, Suite 100
Dallas, Texas 75238
Attention: Liam Mulvaney
Telephone: (214) 221-5433
Facsimile No.: (214) 932-1978

With a copy to:
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

And a copy to:
Coats, Rose, Yale, Ryman & Lee
3 Greenway Plaza, Suite 2000
Houston, Texas 77046
Attention: Barry Palmer, Esq.
Telephone: (713) 653-7395
Facsimile No.: (713) 651-0220

And a copy to:
AIG Retirement Services, Inc.
1 SunAmerica Center, Century City
Los Angeles, California 90067-6022
Attention: Michael L. Fowler, Vice President
Facsimile No.: (310) 772-6179

If to Manager:
Churchill Residential Management, L.P.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
Attention: Brad Forslund
Telephone: (972) 550-7800
Facsimile No.: (972) 550-7900

All Notices shall be effective upon such personal delivery, upon confirmation of receipt if sent by overnight mail, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the Notice reflecting the date of delivery or rejection of the same by the addressee thereof, or if sent by facsimile transmission, upon confirmation of receipt. By giving
to the other parties hereto at least 15 days' written notice in accordance with the provisions hereof, a party may change its address for notice purposes.

16. MISCELLANEOUS.

(a) Subordination. All claims of Manager shall be inferior and subordinate to the claims of SHF against Owner under or in connection with the Partnership Agreement.

(b) Third Party Beneficiary. SHF is a third party beneficiary of the terms of this Agreement.

(c) Limitation on Liability of SHF. The Manager agrees that SHF shall not have any liability for the obligations of the Owner to Manager under or in connection with this Agreement or otherwise.

(d) Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.

(e) Amendments. This Agreement cannot be amended or modified except by another agreement in writing, signed by the parties to this Agreement and consent to by SHF in writing.

(f) Entire Agreement. This Agreement embodies the entire understanding of the parties, and there are no further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof.

(g) Time is of Essence. Time is of the essence hereof.

(h) Construction of Document. This Agreement has been negotiated at arms' length and has been reviewed by counsel for the parties. No provision of this Agreement shall be construed against any party based upon the identity of the drafter.

(i) Severability. If any provision of this Agreement or the application thereof, is held to be invalid or unenforceable, such defect shall not affect other provisions or applications of this Agreement that can be given effect without the invalid or unenforceable provisions or applications, and to this end, the provisions and applications of this Agreement shall be severable.

(j) Waiver of Jury Trial. To the fullest extent permitted by law, each party to this agreement severally, knowingly, irrevocably and unconditionally waives any and all rights to trial by jury in any action, suit or counterclaim brought by any party to this Agreement arising in connection with, out of or otherwise relating to this Agreement.

(k) Waivers. No waiver by a party hereto of any breach of this Agreement shall be effective unless in a writing executed by such party. No waiver shall operate or be construed to be a waiver of any subsequent breach.
EXECUTED as of the date set forth above.

OWNER:

FARMERS BRANCH SENIOR COMMUNITY, L.P.

By: LifeNet-Farmers Branch, GP, L.L.C., General Partner

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its sole Member

By: __________________________
    Liam Mulvaney, President and Chief Executive Officer

MANAGER:

CHURCHILL RESIDENTIAL MANAGEMENT, L.P.

By: Churchill Residential, Inc., General Partner

By: __________________________
    Bradley E. Forslund, President
Exhibit H

Insurance Requirements

Immediately upon purchase of the Land, and throughout the term of this Agreement, General Partner shall obtain, and maintain in full force and effect, the following policies of insurance:

♦ Commercial General Liability insurance, insuring for legal liability of the Partnership, and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the ownership or management of the Land and including the costs to defend such actions brought against the Partnership. The policy shall include endorsements adding SHF, RSI and SAHP as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds. Limits of the policy shall be at least $1 million per occurrence and $2 million in the aggregate.

♦ Automobile Liability insurance, insuring for legal liability of the Partnership, and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including vehicles not owned by the Partnership, and including the costs to defend such actions brought against the Partnership. The policy shall include endorsements adding SHF, RSI and SAHP as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds. Limits of the policy shall be at least $1 million combined single limits per accident.

♦ Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Partnership's full liability for statutory compensation to any person or persons who perform work for the Partnership or perform duties on the site of the Apartment Complex, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least $500,000 per occurrence.

♦ Umbrella/Excess Liability insurance, with the Commercial General Liability, Automobile Liability and Employers Liability policies scheduled as underlying policies. Limits of the policy shall be at least $4 million per occurrence and in the annual aggregate.

♦ Other forms or types of insurance which SHF may now or hereafter reasonably require.

Prior to the commencement of any construction of the Apartment Complex, the General Partner shall obtain (or cause to be obtained by the Contractor) and keep in force until initial occupancy of any portion of the Apartment Complex:

♦ Builder's Risk insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by SHF) to the real property comprising or intended to comprise the Apartment Complex construction, and personal property of the Partnership used to maintain or service the Apartment Complex.
construction, whether located at the site or elsewhere, including while in-transit Coverage and limits shall be extended to include the loss of anticipated rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation and for any additional architectural or engineering fees incurred as a result of an insured loss; loss payment shall be to the Partnership. Limits of policy will be at least the estimated replacement value of the completed Apartment Complex. The policy shall have a deductible of no greater than $10,000 per occurrence. The policy shall carry no coinsurance provisions. The policy shall include an endorsement naming SHF as Loss Payee, as its interests may appear, and as an additional insured, and shall allow SHF to be associated in the adjustment of any claim.

- Evidence from the Contractor of Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Apartment Complex construction, including the employees of sub-contractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability Limits shall be at least $1 million per occurrence.

Prior to any occupancy of the Apartment Complex, the General Partner shall obtain, and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

- Property Damage insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by SHF) to the real property comprising the Apartment Complex, personal property of the Partnership used to maintain or service the Apartment Complex, and new construction, additions, alterations and repairs to structures. Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation; loss payment shall be to the Partnership. Limits of policy will be at least the replacement value of the Apartment Complex (excluding the value of the Land, site utilities, foundations and architectural and engineering expenses). The policy shall have a deductible of no greater than $25,000 per occurrence. The policy shall carry no coinsurance provisions. Coverage and limits shall be extended to include the actual loss of rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Coverage shall be further extended to include debris removal, outdoor trees, shrubs, plants and lawns, and Ordinance or Law coverage for the increased costs of construction caused by the enforcement of building, zoning or land use law. The policy shall include an endorsement naming SHF as Loss Payee, as its interests may appear, and as an additional insured, and shall allow SHF to be associated in the adjustment of any claim.

- Evidence of Worker's Compensation insurance from any contractor performing work for the Partnership, insuring for occupational disease or injury and employer's liability, and
covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Apartment Complex, including the employees of subcontractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Apartment Complex is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least $1 million per occurrence.

All such policies shall be underwritten by companies licensed to write such insurance in the state in which the Apartment Complex is located, and shall be rated in the latest A.M. Best's Insurance Rating Guide with a rating of at least A-, and be in a financial category of at least X. The General Partner shall furnish to SHF a complete copy of each such policy of insurance. If the policy is not available prior to occupancy, then certificates of insurance detailing the policy terms and conditions as noted above shall be provided, but the policies must then be provided within sixty days. All such policies shall include endorsements requiring at least 30 days prior written notice to SHF of any cancellation, termination or reduction of coverage therein. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to SHF of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate, as noted above.

If the General Partner fails to cause the Partnership to effect, maintain or renew insurance that satisfies the requirements of this Exhibit, or fails to cause the Partnership to pay the premiums thereof or to deliver to SHF evidence of such insurance, then, at SHF's option but without the obligation to do so, SHF may take such action as it deems necessary or appropriate to address the General Partner's failure, including paying insurance premiums for the benefit of the Partnership or placing additional insurance coverage for the benefit of the Partnership ("Forced Placed Coverage"). The General Partner acknowledges that Forced Placed Coverage may include coverage that duplicates some previously existing insurance coverage of the Partnership.

All payments by SHF under this Exhibit, including payments of insurance premiums on behalf of the Partnership related to insurance policies obtained by the General Partner or to Forced Placed Coverage, shall be treated as LP Loans from SHF. Such payments shall not limit SHF's remedies against the General Partner under this Agreement. Within three (3) business days of Notice from SHF that it has made an LP Loan for the purposes specified in this Exhibit, the General Partner shall repay such LP Loan from the General Partner's funds.

SHF shall not be responsible for obtaining or maintaining any insurance required under this Exhibit and shall not, by reason of accepting, rejecting, approving or obtaining any such insurance, incur any liability for the existence, nonexistence of, or insufficient coverage of insurance.

The General Partner hereby releases and relieves SHF, SLP, RSI and SAHP for any and all liability, and waives its entire right of recovery against them, with respect to any loss or damage of property or for property damage, bodily injury or personal injury to third-parties arising out of or incident to any loss or peril insured against under any of the foregoing policies, and any other perils for which the General Partner has arranged.
Exhibit I

Allocation Provisions, Capital Accounts

1. Allocation of Profits, Losses and Credits from Operations.

   (a) Subject to the special allocations contained in this Section 1, all profits, losses and credits, except those items in Section 5 of this Exhibit below, shall be allocated to the Partners in accordance with their Percentage Interests.

   (b) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Partner, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 9.2 of this Partnership Agreement distributed to, all Partners which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

   (c) If there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner. All deductions for interest accrued on the Bridge Loan by the Partnership shall be allocated solely to SHF.

   (d) If the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

   (e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

   (f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of the Partnership Agreement, subject, however, to the Consent of SHF.
(g) The payment by the General Partner of Excess Development Costs (excluding only payments used to fund Operating Deficits) shall not be treated as an item of income or gain to the Partnership. The payment by the Developer of costs under the Development Agreement shall not be treated as an item of income or gain to the Partnership. If the General Partner funds any Operating Deficit Loans pursuant to Section 6.9 of the Partnership Agreement, any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to the General Partner, and in any year, if there is a repayment of all or part of such funds, the General Partner shall be allocated in such year an amount of gross income equal to the amount of such repayment.

(h) If a Partner makes any Partner Loan pursuant to Section 5.9 of the Partnership Agreement, any deductions or losses of the Partnership attributable to the use of those funds shall be specially allocated to such Partner, and in any year, if there is a repayment of all or part of such funds, such Partner shall be allocated in such year an amount of gross income equal to the amount of such repayment.

(i) Any Partnership depreciation or other cost recovery deductions not otherwise allocated pursuant to Section 6(e) of this Exhibit shall be allocated among the Partners in accordance with their Percentage Interests.

(j) Notwithstanding any other provision of the Partnership Agreement, before any other allocation of gross income and gain is made under the Partnership Agreement, in the event that any unanticipated gross income arises from a subsequent recharacterization of a tax reporting position of the Partnership, it is the intent of the Partners that all such gross income shall be allocated to the General Partner.

(k) To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

(l) One hundred percent (100%) of the item of expense attributable to Partnership deductions for Excess Interest payments paid through a BL Advance or a Capital Contribution by SHF (or if such expenses are capitalized, depreciation, amortization or other charges in respect thereof) shall be allocated to SHF and 100% of the item of expense attributable to Partnership deductions for the fee paid to SAHP pursuant to Section 5.2(b) shall be allocated to SHF.

(m) Notwithstanding anything to the contrary contained herein, gross income of the Partnership in the amount distributed to each of the General Partner and SLP pursuant to Section 9.1(a)(ii)(E) shall be allocated to the General Partner and SLP, respectively, for the Fiscal Year to which the Net Cash Flow used to make such payment relates.
2. **Determination of Profits, Losses and Credits.** Profits, losses and credits for all purposes of the Partnership Agreement shall be determined in accordance with the accrual accounting method, except that any adjustments made pursuant to Section 754 of the Code shall be taken into account under Section 1(k) of this Exhibit. Every item of income, gain, loss, deduction, credit or tax preference entering into the computation of such profits or losses, or applicable to the period during which such profits and losses were realized, shall be considered allocated to each Partner in the same proportion as profits and losses are allocated to such Partner.

3. **Allocation of Gains and Losses from Sale.** Subject to the special allocations contained in Section 1 of this Exhibit, all gains and losses recognized by the Partnership upon the sale, exchange or other disposition of all or substantially all of the property owned by the Partnership, except for those items in Sections 5 and 6 of this Exhibit, shall be allocated in the following manner:

   (a) **Gains** shall be allocated (i) first, to the Partners with negative Adjusted Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Adjusted Capital Accounts in the Partnership; provided that no gain shall be allocated under this Section 3(a) to a Partner once such Partner's Adjusted Capital Account balance is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Partners to increase the Partners' respective Adjusted Capital Accounts so that, to the maximum extent possible, the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances under Section 9.3(e) of the Partnership Agreement will equal, or most closely approximate (recognizing there may not be enough gains to make it equal), the amounts that would have been received if the proceeds were instead distributed under Section 9.2(e) of the Partnership Agreement.

   (b) **Losses** shall be allocated (i) first, to decrease the Partners' respective Adjusted Capital Accounts so that, to the maximum extent possible, the proceeds distributed in accordance with the Partners' respective Adjusted Capital Account balances under Section 9.3(e) of the Partnership Agreement will equal, or most closely approximate (recognizing there may not be enough losses to make it equal), the amounts that would have been received if the proceeds were instead distributed under Section 9.2(e), (ii) second, any losses in excess of the amount allocated under (i) shall be allocated to the Partners to the extent and in such proportions as their respective positive Adjusted Capital Account balances provided that no loss shall be allocated under this Section 3(b)(ii) to a Partner once such Partner's Adjusted Capital Account balance is reduced to zero, and (iii) third, any remaining losses shall be allocated to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Partners in accordance with their Percentage Interests.

   (c) **Any portion of the gains** treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to such gains had been previously allocated.
4. **Capital Accounts.** A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all cash flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any sale or refinancing of the Apartment Complex distributed to such Partner, and such Partner's distributive share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Regulations thereunder. The foregoing provisions and the other provisions of the Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under the Partnership Agreement be determined and maintained throughout the full term of the Partnership Agreement in accordance with the accounting rules of Regulation Section 1.704-1(b)(2)(iv).

If the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 11.1 of the Partnership Agreement to dissolve the Partnership, the Partnership assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up.

If a Partner has more than one interest in the Partnership, such Partner shall have a single capital account that reflects all such interests, regardless of the class of interests owned by such Partner and regardless of the time or manner in which such interests were acquired.

5. **Authority of the General Partner to Vary Allocations to Preserve and Protect Partners' Intent.**

(a) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with Section 1 of this Exhibit to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in Section 1 of this Exhibit, the General Partner shall have the authority (subject to Section 5(b) of this Exhibit) to allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in such Section 1 to the extent that allocating income, gain, loss, deduction or credit (or item thereof) in the manner provided for in such Section 1 would cause the determinations and allocations of each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) not to be permitted by Section 704(b) of the Code and Regulations promulgated thereunder. Any allocation made pursuant to this Section 5 shall be deemed to be a complete substitute for any allocation otherwise provided for in Section 1 of this Exhibit, and no amendment of the Partnership Agreement or approval of any Partner shall be required.

(b) In making any allocation (the "new allocation") under Section 5(a) of this Exhibit, the General Partner is authorized to act only after having received the Consent of SHF
and after having been advised by the Accountants that, under Section 704(b) of the Code and the Regulations thereunder, (i) the new allocation is necessary and (ii) the new allocation is the minimum modification of the allocations otherwise provided for in Section 1 of this Exhibit necessary in order to assure that, either in the then current year or in any preceding year, each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) is determined and allocated in accordance with such Section 1 to the fullest extent permitted by Section 704(b) of the Code and the Regulations thereunder.

(c) New allocations made by the General Partner under this Section 5 and in reliance upon the advice of the Accountants with the Consent of SHF shall be deemed to be made pursuant to the fiduciary obligation of the General Partner to the Partnership and SHF, and no such allocation shall give rise to any claim or cause of action by SHF.


(a) Notwithstanding any other provision of the Partnership Agreement, no allocation of loss or deduction (or item thereof) shall be made by the Partnership to a Partner if such allocation would cause the sum of the deficit Capital Account balances of the Partner or Partners otherwise receiving such allocation (excluding the portion of such deficit balances that must be restored (or which the Partner is deemed to have to restore) to the Partnership under the Partnership Agreement, if any) to exceed the Partner's share of "Partnership minimum gain" (as defined in Regulation Section 1.704-2(b)(2) and Section 1.704-2(d), and "Partner nonrecourse debt minimum gain" (as defined in Regulation Section 1.704-2(i)(2), both determined at the end of the Partnership taxable year to which the allocation relates.

(b) Notwithstanding any other provision of the Partnership Agreement, if there is a net decrease in Partnership minimum gain or Partner nonrecourse debt minimum gain during a Partnership taxable year, items of income and gain for such year (and if necessary, for future years) shall be allocated to each Partner in an amount equal to the Partner's share of the net decrease in Partnership minimum gain or Partner nonrecourse debt minimum gain, as applicable.

(c) If any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate (to the extent required by the Regulations under Section 704(b) of the Code) the deficit balance in such Partner's Capital Account as quickly as possible, provided that an allocation pursuant to this Section 6(c) shall be made if and only to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Exhibit have been tentatively made as if this Section 6(c) were not in this Exhibit.

(d) If any Partner has a deficit Capital Account at the end of any Fiscal Year in excess of the sum of (i) the amount that such Partner must restore to the Partnership upon liquidation, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Regulation Section 1.704-2(g) and Section 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6(d) shall be made if and
only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Exhibit have been tentatively made as if this Section 6(d) and Section 6(e) of this Exhibit were not in the Partnership Agreement.

(e) "Nonrecourse deductions" (within the meaning of Regulation Section 1.704-2(b)(1)) shall be allocated to the Partners in accordance with their Percentage Interests.

"Partner nonrecourse deductions" (within the meaning of Regulation Section 1.704-2(c)) shall be allocated to the Partner who bears the economic risk of loss associated with such deductions, in accordance with Regulation Section 1.704-2(i).

7. SHF's Deficit Restoration Obligation.

(a) Capital Account Upon Liquidation. Until such time as SHF delivers a DRO Adjustment Notice, as defined below, to the General Partner, if the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g), SHF hereby agrees to restore the deficit balance in its Capital Account, determined after taking into account all Capital Account adjustments for the fiscal year during which such liquidation occurs (the "Liquidating Capital Account Amount"). At anytime after SHF delivers a DRO Adjustment Notice to the General Partner, SHF hereby agrees to restore the lesser of (i) the Liquidating Capital Account Amount or (ii) the DRO Cap Amount. The obligation to restore the amount described in this Section 7(a) shall be satisfied upon the later of ninety (90) days after the date of such liquidation or the end of the fiscal year in which the liquidation occurs.

(b) DRO Adjustment Notice.

(i) Election. At the sole election of SHF, which election shall be made by SHF's delivery of an executed copy of a notice substantially in the form as that notice described in Section 7(b)(iii) of this Exhibit (the "DRO Adjustment Notice") to the General Partner, SHF can thereby establish a DRO Cap Amount, as defined below, which DRO Cap Amount shall remain in effect until such time as SHF delivers a subsequent DRO Adjustment Notice to the General Partner establishing a new DRO Cap Amount.

(ii) DRO Cap Amount. At the time that a DRO Adjustment Notice is delivered to the General Partner, the "DRO Cap Amount" to apply thereafter shall be the greater of (A) the amount reflected in the newly delivered DRO Adjustment Notice (the "DRO Notice Amount") or (B) the absolute value of the deficit balance, if any, in SHF's Capital Account, after reduction for the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6), determined as of the end of the taxable year preceding the taxable year during which the DRO Adjustment Notice is delivered to the General Partner. For the first taxable year of the Partnership, the amount described in Section 7(b)(ii)(B) above shall be equal to zero.

(iii) Form of DRO Adjustment Notice. SHF's DRO Adjustment Notice shall be in a form substantially similar as that below:

DRO ADJUSTMENT NOTICE

By the delivery of this notice, dated ________________, to the General Partner of Farmers Branch Senior Community, L.P., a Texas limited partnership, SunAmerica Housing Fund 1555,
A Nevada Limited Partnership, hereby notifies such General Partner that, effective as of the date of this notice, the DRO Notice Amount shall be $______________.

[Signature Block]

(c) Allocation of Income. For each of the five (5) fiscal years of the Partnership beginning with the first fiscal year after the end of the Credit Period as defined in Section 42(f) of the Code (the "Allocation Period"), gross income of the Partnership shall be allocated to SHF in equal amounts as required to restore SHF's Capital Account to zero by the end of the Allocation Period after taking into account SHF's share of Partnership minimum gain within the meaning of Regulation Section 1.704-2(b)(2) and SHF's share of partner non-recourse debt minimum gain within the meaning of Regulation Section 1.704-2(i); provided, however, the allocation of gross income to SHF pursuant to this Section 7(c) shall not exceed the amount of the losses allocated to SHF in the sixth fiscal year preceding the allocation of gross income made pursuant to this Section 7(c). For example, if $400,000 of losses were allocated to SHF for the fiscal year ending December 31, Year 1, then up to $400,000 of gross income may be allocated to SHF for the fiscal year ending December 31, Year 6. Notwithstanding the foregoing, in the last year of the Compliance Period, as defined in Section 42(i)(1) of the Code, gross income shall be allocated to SHF in an amount required to restore SHF's Capital Account to zero after taking into account SHF's share of Partnership minimum gain within the meaning of Regulation Section 1.704-2(b)(2) and SHF's share of partner non-recourse debt minimum gain within the meaning Regulation Section 1.704-2(i).

(d) Special Allocation of Losses. SHF may elect, by delivery of written notice to the General Partner, to receive an allocation of a deduction for the full amount of the Partnership's depreciation deduction and to have all remaining losses, other than losses causing an increase in SHF's share of minimum gain, to be allocated to the General Partner for the Fiscal Year in which such election is made and for each Fiscal Year thereafter until SHF terminates the election by delivery of subsequent written notice to the General Partner.

(e) Binding Effect of the DRO Provisions. The amounts determined under this Section 7 are binding upon subsequent transferees of SHF's interest in the Partnership.
Exhibit J

Greatest Excess LP Loan Amount and Applicable Percentages

<table>
<thead>
<tr>
<th>Greatest Excess LP Loan Amount</th>
<th>NCF Percentage</th>
</tr>
</thead>
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<tr>
<td>Less than $50,000</td>
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</tr>
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</tr>
<tr>
<td>Greater than $800,000</td>
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</tr>
</tbody>
</table>
Exhibit K

Replacement Reserve

The Reserve For Replacements may be used for the following items with the Consent of SHF:

- Major clubhouse renovation and signage upgrades
- Additions of the newest amenity to stay competitive (e.g., the equivalent of fitness centers, business centers, expanded children's facilities)
- Roof replacements
- Painting and siding rehab
- HVAC and appliance replacements
- Wood replacement due to dry or wet rot or termites
- Security enhancements as neighborhoods change and properties age (e.g., fencing and controlled access gates or improved exterior lighting)
- The addition of facilities that will improve operations or cut costs such as maintenance garage or trash compactor
- Opportunities for remarketing of utilities (sub-metering water and sewer and possibly gas and electric)
- Replacement of appliances
- Landscape renovation
- Carpet in apartment units, but the maximum amount which may be used for carpets in any year shall be an amount equal to 25% of the aggregate annual amount required to be funded into the Replacement Reserve Account under Section 6.14.

The Reserve For Replacements may not be used for the following items:

- Vinyl Replacement
Exhibit L

Financing Summary

TERM LOAN

Term Lender: SA Affordable Housing, LLC  
Priority: First Lien  
Use: Construction/Permanent financing  
Principal Amount: $3,400,000, subject to Stabilization.  
Interest Rate: ___%  
Term: The maturity date of the Term Loan will be not less than eighteen (18) years from the date of closing of the Term Loan  
Amortization: No more than 40 years  
Nonrecourse: Yes, except for customary carve-outs
Exhibit M

Legal Opinion

(a) The Partnership is a duly formed and validly existing limited partnership under the Act, and the Partnership has full power and authority to own and operate the Apartment Complex and to conduct its business hereunder. SHF has been validly admitted as a Limited Partner of the Partnership entitled to all the benefits of a Limited Partner under this Agreement, and the Interest of SHF in the Partnership is the Interest of a limited partner with no personal liability for the obligations of the Partnership.

(b) The General Partner is duly and validly organized and is validly existing in good standing as a limited liability company under the laws of the State, with full power and authority to enter into and perform its obligations under the Partnership Agreement. The SLP is duly and validly organized and is validly existing in good standing as a corporation under the laws of the State, with full power and authority to enter into and perform its obligations under the Partnership Agreement.

(c) Churchill Communities is duly and validly organized and validly existing as a partnership under the laws of the State, with full power and authority to enter into and perform its obligations under the Development Agreement and the Developer Pledge.

(d) The Guarantor is duly and validly organized and is validly existing in good standing as a limited liability company under the laws of the State, with full power and authority to enter into and perform its obligations under the Guaranty.

(e) LifeNet is duly and validly organized and validly existing as a corporation under the laws of the State, with full power and authority to enter into and perform its obligations under the Development Agreement.

(f) Execution of the Development Agreement, the Incentive Partnership Management Agreement, the Bridge Loan Note and all other agreements executed by the Partnership in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of the Partnership and, having been executed and delivered in accordance with its terms, the Development Agreement, the Incentive Partnership Management Agreement, the Bridge Loan Note and all other agreements executed by the Partnership in connection with the Partnership Agreement constitute the valid and binding agreement of the Partnership, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by the Partnership is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Partnership is bound or as to which it is subject.

(g) Execution of this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the General Partner in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of such General Partner and, having been executed and delivered in accordance with their respective terms, this Agreement, the Incentive Partnership Management Agreement and any other agreement
executed by the General Partner in connection with the Partnership Agreement constitute the valid and binding agreement of the General Partner, enforceable in accordance with their respective terms, and to its actual knowledge, execution hereof and thereof by the General Partner is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the General Partner is bound or as to which it is subject.

(h) Execution of the Development Agreement, the Developer pledge and any other agreement executed by Churchill Communities in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of Churchill Communities and, having been executed and delivered in accordance with its terms, the Development Agreement, the Developer pledge and any other agreement executed by Churchill Communities in connection with the Partnership Agreement constitute the valid and binding agreement of Churchill Communities, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by Churchill Communities is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which Churchill Communities is bound or as to which it is subject.

(i) Execution of the Guaranty and any other agreement executed by the Guarantor in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of the Guarantor and, having been executed and delivered in accordance with its terms, the Guaranty and any other agreement executed by the Guarantor in connection with the Partnership Agreement constitute the valid and binding agreement of the Guarantor, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by the Guarantor is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Guarantor is bound or as to which it is subject.

(j) To its actual knowledge, no event of Bankruptcy has occurred with respect to the Partnership, the General Partner, SLP, the Guarantor or the Developers.

(k) Execution of this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the SLP in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of the SLP and, having been executed and delivered in accordance with their respective terms, this Agreement, the Incentive Partnership Management Agreement and any other agreement executed by the SLP in connection with the Partnership Agreement constitute the valid and binding agreement of the SLP, enforceable in accordance with their respective terms, and to its actual knowledge, execution hereof and thereof by the SLP is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the SLP is bound or as to which it is subject.

(l) Execution of the Development Agreement and any other agreement executed by LifeNet in connection with the Partnership Agreement has been duly and validly authorized by or on behalf of LifeNet and, having been executed and delivered in accordance with its terms, the Development Agreement and any other agreement executed by LifeNet in connection with the Partnership Agreement constitute the valid and binding agreement of LifeNet, enforceable in accordance with their respective terms, and to its actual knowledge, execution thereof by LifeNet is not in violation of any contract, agreement, charter, bylaw,
resolution, judgment, order, decree, law or regulation to which LifeNet is bound or as to which it is subject.
Exhibit N

Right of First Refusal

See attached.
Exhibit O

Due Diligence Checklist

See attached.
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Farmers Branch

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Rick,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from AIG Sun America Affordable Housing Partners that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Farmers Branch, Farmers Branch Texas
Evergreen at Rockwall, Rockwall Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Farmers Branch

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 4, 2019

Brad Forslund
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038

Re: Evergreen at Farmers Branch, Farmers Branch, Texas
    Evergreen at Rockwall, Rockwall, Texas
    Section 811 Program Participation

Dear Brad:

This letter is to advise that at this time, we are unable to approve participation in the Section 811 program by these partnerships.

The goals of the 811 program are admirable, and we appreciate the efforts of TDHCA to reach people of low and moderate incomes and provide good housing options for these families.

However, after careful consideration, we cannot approve Section 811 units being placed on these properties at this time. The projects are not participating in the program currently, and we cannot allow Section 811 units to be set aside for this purpose. Our investments have multiple limited partner investors whose decisions to participate in LIHTC partnerships was based upon their review and understanding of the specific set aside requirements established at the time of development, and as reflected in the recorded land use restriction agreements.

Thank you for providing information regarding the 811 program. We look forward to continuing to provide quality affordable housing to the residents of these apartment communities under the current set aside requirements at these developments.

Yours Truly,

Rick White
Director of Asset Management
TDHCA #08223 Evergreen at Morningstar

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   - No – STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   - No – STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   - No - STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   - No - STOP. PACKET SUBMISSION NOT NEEDED
   - Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Morningstar

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: National Equity Fund

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.2 & 6.3

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 38-41 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
THE COLONY SENIOR COMMUNITY, L.P.
DECEMBER 12, 2008

GENERAL PARTNER: LCBH-The Colony GP, L.L.C.
10405 East Northwest Highway, Suite 100
Dallas, Texas 75238

LIMITED PARTNER NEF Assignment Corporation, as nominee
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

SPECIAL LIMITED PARTNER Churchill Residential, Inc.
5605 N. MacArthur Blvd.
Suite 580
Irving, Texas 75038

THESE SECURITIES WERE NOT REGISTERED OR QUALIFIED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES COMMISSION. NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION REQUIREMENTS OF ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REQUIREMENTS THAT IS
AVAILABLE. ACCORDINGLY, INVESTORS MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THESE SECURITIES FOR AN INDEFINITE PERIOD OF TIME.

THIS LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP PROVIDES FOR ADDITIONAL RESTRICTIONS ON THE TRANSFERABILITY OF INTERESTS.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>STATEMENT OF AGREEMENT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARTICLE 1: DEFINITIONS</td>
<td>1</td>
</tr>
<tr>
<td>ARTICLE 2: ORGANIZATION</td>
<td>17</td>
</tr>
<tr>
<td>§2.1 Continuation of Partnership</td>
<td>17</td>
</tr>
<tr>
<td>§2.2 Character and Purpose of Business</td>
<td>17</td>
</tr>
<tr>
<td>§2.3 Name of Partnership</td>
<td>17</td>
</tr>
<tr>
<td>§2.4 Principal Place of Business</td>
<td>17</td>
</tr>
<tr>
<td>§2.5 Principal Office</td>
<td>17</td>
</tr>
<tr>
<td>§2.6 Agent for Service of Process</td>
<td>17</td>
</tr>
<tr>
<td>§2.7 Name and Address of General Partner</td>
<td>17</td>
</tr>
<tr>
<td>§2.8 Names and Addresses of Limited Partner</td>
<td>17</td>
</tr>
<tr>
<td>§2.9 Governmental Filings</td>
<td>18</td>
</tr>
<tr>
<td>§2.10 Term of Partnership</td>
<td>18</td>
</tr>
<tr>
<td>§2.11 Compliance with Laws</td>
<td>18</td>
</tr>
<tr>
<td>§2.12 Statutory Record-Keeping</td>
<td>18</td>
</tr>
<tr>
<td>§2.13 Related Party Debt</td>
<td>19</td>
</tr>
<tr>
<td>§2.14 Non-Confidential Tax Shelter</td>
<td>19</td>
</tr>
<tr>
<td>§2.15 Definitions</td>
<td>19</td>
</tr>
<tr>
<td>ARTICLE 3: CAPITAL CONTRIBUTIONS</td>
<td>20</td>
</tr>
<tr>
<td>§3.1 General Partner’s Capital Contributions</td>
<td>20</td>
</tr>
<tr>
<td>§3.2 Limited Partner’s Capital Contributions</td>
<td>20</td>
</tr>
<tr>
<td>§3.3 Intentionally Omitted</td>
<td>20</td>
</tr>
<tr>
<td>§3.4 Interest on Capital Contributions</td>
<td>26</td>
</tr>
<tr>
<td>§3.5 Withdrawal and Return of Capital Contributions</td>
<td>26</td>
</tr>
<tr>
<td>§3.6 Capital Accounts</td>
<td>26</td>
</tr>
<tr>
<td>§3.7 Partnership Loans</td>
<td>27</td>
</tr>
<tr>
<td>§3.8 Additional Capital Contributions</td>
<td>28</td>
</tr>
<tr>
<td>§3.9 Limited Partner’s Withdrawal Option</td>
<td>28</td>
</tr>
<tr>
<td>ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS</td>
<td>29</td>
</tr>
<tr>
<td>§4.1 Profit and Loss Allocations</td>
<td>29</td>
</tr>
<tr>
<td>§4.2 Special Allocations</td>
<td>29</td>
</tr>
<tr>
<td>§4.3 Timing of Allocations</td>
<td>33</td>
</tr>
<tr>
<td>§4.4 Other Allocation Rules</td>
<td>33</td>
</tr>
<tr>
<td>§4.5 Tax Effect of Allocations</td>
<td>33</td>
</tr>
<tr>
<td>ARTICLE 5: DISTRIBUTIONS</td>
<td>35</td>
</tr>
<tr>
<td>§5.1 Distribution of Cash Flow</td>
<td>35</td>
</tr>
<tr>
<td>§5.2 Net Cash from Sales and Refinancings</td>
<td>36</td>
</tr>
</tbody>
</table>
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER
§6.1 Management of Partnership
§6.2 Restrictions on General Partner's Authority
§6.3 Representations, Warranties and Covenants of the General Partner
§6.4 Specific Obligations of General Partner
§6.5 Fees for Services Rendered
§6.6 Outside Ventures of Partners
§6.7 Dealing With Affiliates
§6.8 Indemnification of Partnership and Limited Partner, Limitation on Liability
§6.9 Credit Reduction Payment
§6.10 Publicity and Promotional Events
§6.11 Co-General Partners

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER
§7.1 Limitation of Liability
§7.2 No Participation in Management

ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS
§8.1 Books of Account
§8.2 Management Reports
§8.3 General Disclosure
§8.4 Tax Information
§8.5 Review of Compliance
§8.6 Failure to Provide Information

ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS
§9.1 Voluntary Transfers
§9.2 General Partner's Consent to Substitution as a Limited Partner
§9.3 Involuntary Transfers
§9.4 Distributions and Allocations with Respect to Transferred Partnership Interests
§9.5 Disposition of Project
§9.6 Right of First Refusal and Purchase Option

ARTICLE 10: TRANSFER OF GENERAL PARTNER'S PARTNERSHIP INTERESTS
§10.1 Voluntary Transfers
§10.2 Involuntary Transfers
§10.3 Continuation of Partnership After Involuntary Transfer of General Partner's Partnership Interests
§10.4 Distributions and Allocations with Respect to Transferred Partnership Interests
§10.5 Voluntary Withdrawal
§10.6 Removal of General Partner

-ii-
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION ............................................ 89
§11.1 Dissolution .................................................................................................................... 89
§11.2 Winding Up and Termination ..................................................................................... 89
§11.3 Compliance with Liquidation Requirements of Regulations .................................... 90
§11.4 Rights and Obligations of Limited Partner Upon Dissolution ................................ 91
§11.5 Waiver of Partition ........................................................................................................ 91
§11.6 Final Accounting .......................................................................................................... 91

ARTICLE 12: MISCELLANEOUS .......................................................................................... 92
§12.1 Notices and Addresses ............................................................................................... 92
§12.2 Pronouns and Plurals ................................................................................................. 92
§12.3 Counterparts ............................................................................................................... 92
§12.4 Applicable Law .......................................................................................................... 92
§12.5 Successors .................................................................................................................... 92
§12.6 Severability ................................................................................................................... 92
§12.7 Exhibits ........................................................................................................................ 92
§12.8 Limitation of Benefits ............................................................................................... 92
§12.9 Entire Agreement ........................................................................................................ 93
§12.10 Broker’s Commission and Indemnity ..................................................................... 93
§12.11 Amendment of Partnership Agreement .................................................................... 93
§12.12 Power of Attorney .................................................................................................... 93

Appendix I - Projections

Exhibit A – Purchase Option and Right of First Refusal
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

THE COLONY SENIOR COMMUNITY, L.P.

a Texas limited partnership

December 12, 2008

This Amended and Restated Limited Partnership Agreement (this “Partnership Agreement”) of The Colony Senior Community, L.P. (the “Partnership”), dated and effective as of the date first set forth above, is entered into by and among LCBH-The Colony GP, L.L.C., a Texas limited liability company, as the General Partner, Churchill Residential, Inc., a Texas corporation, as the Special Limited Partner and NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, as the Limited Partner.

RECITALS

In this Partnership Agreement, terms in initial capital letters that are not defined elsewhere shall have the meanings given to them in Article 1.

The Partnership was formed as a limited partnership under the Act pursuant to the Certificate of Formation and the Initial Agreement. The purposes of this Partnership Agreement are to (i) provide for the organization and continuation of the Partnership, (ii) provide for the admission of NEF Assignment Corporation, as nominee, as the Limited Partner, (iii) provide for the withdrawal of the Initial Limited Partner as a partner, and (iv) set forth more fully the rights, obligations, and duties of the Partners (as hereinafter defined).

Accordingly, it is agreed that the Initial Agreement is hereby amended and restated in its entirety by this Partnership Agreement.

ARTICLE 1: DEFINITIONS

The capitalized words and phrases used in this Partnership Agreement shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such words and phrases):

“10% Test” means the determination, made in accordance with §42(h)(1)(E) of the Code, that the Partnership’s basis in the Project is greater than ten percent (10%) of the Partnership’s
reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Carryover Allocation for the Project was awarded.

“Accountant” means Novogradac & Co., or such certified public accountant as is selected by the General Partner with the prior written approval of the Limited Partner or identified by the LP pursuant to §8.6(c) herein.

“Accountant’s Carryover Certification” means the certification by the Accountant indicating that that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

“Act” means the Texas Revised Business Organizations Code, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Actual Tax Credits” means the Tax Credits which the Partnership allocates to the Limited Partner (as determined by the Accountant) with respect to any taxable year.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under any provision of this Partnership Agreement or is otherwise treated as being obligated to restore under Regulations §1.704-2(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of §1.704-2(g)(1) and §1.704-2(i)(5) of the Regulations; and (b) the debit to such Capital Account of the amounts described in §1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of §1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

“Affiliate” means, (a) with respect to any Person (or as to every Partner if no Person is specifically named), (i) such Person or any member of his Immediate Family; (ii) the legal representative, successor, or assign of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii), and (iii); and (v) any Person directly or indirectly controlling (10% or more), or under direct or indirect common control with, any Person referred to in any of the preceding clauses; and (b) with respect to the Limited Partner, any limited liability company or limited partnership in which the managing member or general partner, as applicable, is NEF or an Affiliate of NEF.

“Applicable Federal Rate” means the “applicable federal rate” as defined in Code §1274(d).

“Applicable Percentage” means the applicable percentage for the Project determined in accordance with §42(b)(1) of the Code.
“Asset Management Fee” means an annual fee in the initial amount of $5,000, to be increased annually by three percent (3.0%).


“Assignee” means a Person to whom all or any part of a Limited Partner’s Partnership Interest has been transferred in a manner permitted under or contemplated by this Partnership Agreement, but who has not been admitted to the Partnership as a Substituted Limited Partner with respect to the transferred Partnership Interest.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner pursuant to §3.6.

“Capital Contribution” means, with respect to any Partner, the total amount of cash or any cash equivalents contributed and/or agreed to be contributed to the Partnership, including all adjustments thereto, as provided in this Partnership Agreement. Except for obligations incurred in connection with §§6.4(f)(i)-(ii), and any loans made in accordance with §3.7 hereof, any additional advances actually made by the General Partner shall be treated as a Capital Contribution of such General Partner for purposes of this Partnership Agreement. Any reference in this Partnership Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Partnership Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant this Partnership Agreement.

“Carryover Allocation” means any and all documents evidencing the allocation of Tax Credits for the Project by the State Housing Finance Agency as a result of the Partnership’s satisfaction of the 10% Test.

“Carryover Allocation Documents” means the Carryover Allocation for the Project from the State Housing Finance Agency, the Accountant’s Carryover Certification and, all other documents, including invoices and contracts, evidencing the costs incurred and included in the Accountant’s Carryover Certification for the Carryover Allocation.

“Cash Flow” means, with respect to any fiscal year of the Partnership, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) all principal and interest payments and other sums paid or due and payable on or with respect to the Construction Loan, Permanent Loan (to the extent such payments are required to be made from Gross Cash Receipts), and Subordinate Loan, excluding (i) loans payable solely from Cash Flow, (ii) loans to the Partnership from the General Partner (including loans made pursuant to §3.7 or §6.4(f)(i), §6.4(f)(ii), or §6.4(f)(iii) hereof) and (iii) loans to the Partnership from the Limited Partner; (b) all cash expenditures incurred incident to the operation of the Partnership’s business other than those that are funded out of the any reserve account that is set up for the Project (including, without limitation, any capital expenditures in excess of funds withdrawn from the Replacement Reserve for such purpose or paid from equity or development financing proceeds); (c) a Property Management Agent Fee; (d) all required deposits to the Replacement Reserve, including any arrearages, that must be funded;
and (e) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Partners shall from time to time agree to establish.

“Certificate of Limited Formation” means the Partnership’s certificate of formation prepared in accordance with the Act, dated May 11, 2007, and filed with the Filing Office on May 11, 2007.


“Closing Checklist” means the Project Investment Checklist containing the Project investment closing requirements of the Limited Partner.

“Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Compliance Period” means, with respect to any building in the Project Property, the fifteen (15) taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in §42(i)(1) of the Code.

“Construction Completion” means the date upon which the Partnership has completed the construction of the Project substantially in accordance with the Project Documents and the Loan Documents, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Partnership Property has been completed substantially in accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis, provided, however, that the Partnership has delivered sufficient funds or cash equivalents in escrow, or has retained sufficient funds pursuant to the construction contract, to provide for the completion of such punch list items) and (b) a certificate of occupancy for all Units.

“Construction Completion Date” means the date on which Construction Completion is achieved, which in any event shall not exceed the end of the second year after the year in which the Project receives a Carryover Allocation or, if earlier, the date required by any Lender or State Agency.

“Construction Lender” means Wells Fargo Bank, N.A. or another lender reasonably acceptable to the Limited Partner.

“Construction Loan” means that certain loan to the Partnership from the Construction Lender in the original principal amount of $9,000,000, which loan is evidenced by that certain promissory note dated December 12, 2008, and other related documents.

“Cost Certification” means the following documents which must be delivered to the Limited Partner after Placement in Service of the Project (a) a letter from the Accountants in the
form satisfactory to the State Housing Finance Agency and the Limited Partner certifying, among other things, that they have examined the books and records and will sign a tax return including the Project costs specified in the letter in Tax Credit basis, and (b) a certification by the General Partner that the Accountants' letter accurately reflects actual Project costs.

“Credit Period” means, with respect to any building in the Project the period of one hundred and twenty (120) taxable months beginning with (a) the first full taxable month after the month in which the building is placed in service or (b) at the election of the taxpayer, the first month of the succeeding taxable year, but only if the building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects pursuant to Code §42.

“Credit Reduction Payment” shall have the meaning attributed thereto in §6.9 of this Partnership Agreement.

“Credit Shortfall” shall have the meaning attributed thereto in §6.9(c) of this Partnership Agreement.

“CUSA” has the meaning set forth in §9.7 hereof.

“Debt Service Coverage Ratio” shall be defined as the Gross Cash Receipts for a fiscal year reduced by the sum of the following: (a) all cash expenditures incurred incident to the operation of the Partnership's business during such fiscal year (including, without limitation, operating expenses and capital expenditures not paid from any reserves) plus (b) the amount of cash that is necessary to fund the Replacement Reserve pursuant to §6.4(g), divided by all required principal and interest payments (excluding those payments that are payable solely out of Cash Flow such as payments on loans to the Partnership from the General Partner) including payments with respect to the Construction Loan, Permanent Loan or Subordinate Loan, and/or other loans to the Partnership.

“Deferred Development Fee” means the Development Fees that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Limited Partner or the Project financing.

“Developer” means Churchill Communities, L.P., a Texas limited partnership, and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.

“Development Agreement” means the Development Agreement entered into or to be entered into by the Partnership and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

“Development Fee” and “Developer Fee” mean the fee in the amount of One Million Seven Hundred Seventy-Four Thousand Four Hundred Ten and No/100 Dollars ($1,774,410.00) described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.
"Disposition Fee" means the fee described in §6.5(d).

"Eligible Basis" means, generally, the adjusted basis of a building for depreciation purposes determined as of the close of the first taxable year of the Credit Period, subject to certain exclusions as set forth in the Code.

"Environmental Certification" means delivery to the Limited Partner, upon completion of rehabilitation or construction, of a certification by the General Partner that the Project has been completed in accordance with the recommendations contained in the environmental report(s) for the Project.


"Extended Use Agreement" means the extended low-income housing commitment entered into between the Partnership and the State Housing Finance Agency pursuant to §42(h)(6) of the Code.

"Filing Office" means the Secretary of State of the Project State.

"First Installment" has the meaning set forth in §3.2(a)(i) of this Partnership Agreement.

"First Year Tenant Files" means such information or documents that evidence the tenant's qualification to occupy the Tax Credit Unit, including, but not limited to, tenant applications, executed tenant lease agreements, tenant income and asset certifications and verifications, student status verification, and rent rolls obtained by the Property Management Agent with respect to those tenants who occupy the Tax Credit Units during the period beginning with the date that the Project achieves Placement in Service and ending with the date that the Project achieves Qualified Occupancy.

"Form 8609" means the IRS Form 8609 (Low-Income Housing Tax Credit Allocation Certification) issued by the State Agency for each residential building in the Project which finally allocates Tax Credits to such residential building.

"Fourth Installment" has the meaning set forth in §3.2(a)(iv) of this Partnership Agreement.

"General Partner" means LCB-The Colony GP, L.L.C., a Texas limited liability company, whose sole member is LifeNet Community Behavioral Healthcare, a Texas non-profit corporation,
or any other Person who becomes a successor general partner pursuant to §10.1, §10.2 or §10.3. If there is more than one General Partner, they are referred to herein singularly and collectively as the General Partner, as the context may require or suggest.

"Grantee" means LCBH-The Colony GP, L.L.C., a Texas limited liability company and Churchill Residential, Inc., a Texas corporation.

"Gross Cash Receipts" means all cash received from the operations of the Partnership, including all government subsidies due and payable at such time but not yet received by the Partnership and including security deposits properly released in accordance with resident lease agreements and the proceeds of rental interruption insurance, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds other than rental interruption insurance, condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.

"Guarantor" means those entities and/or individual comprising Guarantor Group A, Guarantor Group B, and Guarantor Group C.

"Guarantor Group A" means Turtle Creek Broadway, L.L.C., a Texas limited liability company.

"Guarantor Group B" means Churchill Residential, Inc., a Texas corporation, Bradley Forslund, an individual, and Anthony Sisk, an individual, joint and several.

"Guarantor Group C" means Churchill Communities, L.P., a Texas limited partnership.

"Guaranty Agreements" means the Guaranty Agreement between the Guarantor Group A and the Limited Partner, the Guaranty Agreement between the Partnership and Guarantor Group B, and the Guaranty Agreement between the Guarantor Group C and the Limited Partner, all dated as of the date hereof whereby the Guarantors guarantee certain obligations as set forth in the Guaranty Agreements.

"Hazardous Substance" means any substance defined as a hazardous substance, hazardous material, hazardous waste, toxic substance or toxic waste in (a) CERCLA, (b) the Hazardous Materials Transportation Act, as amended, 39 U.S.C. §1801 et seq., (c) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et seq., (d) any similar applicable state or local law, or (v) any regulation adopted or publication promulgated pursuant to any such law.

"HOME" means the HOME Investment Partnership Act authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. 12701, et seq.

"Immediate Family" means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law and sisters-in-law, each whether by birth, marriage or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.
“Initial Agreement” means the Partnership’s original limited partnership agreement entered into as of May 11, 2007 by LCBH-The Colony GP, L.L.C. as the General Partner, Churchill Residential, Inc., as Special Limited Partner and Bradley E. Forslund as Initial Limited Partner.

“Initial Limited Partner” means Bradley E. Forslund, an individual.

“Involuntary Event” means, with respect to any Partner any one of the following events: (a) the making of an assignment for the benefit of creditors by the Partner; (b) the filing of a voluntary petition in bankruptcy by the Partner; (c) the adjudication of the Partner as a bankrupt or insolvent; (d) the filing of a petition or answer by the Partner seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner’s properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

“Involuntary Transfer” means any transfer of any Partner’s Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.

“IRS” means the Internal Revenue Service.

“Lender” or “Lenders” means the Permanent Lender and/or the Subordinate Lender, as the context requires.

“Limited Partner” means NEF Assignment Corporation, as nominee, an Illinois non-profit corporation, or any Person who becomes a Substituted Limited Partner pursuant to §9.1, §9.2, §9.3 or §9.7. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

“Liquidation Manager” means any Person selected by the Limited Partner.

“Loan Documents” means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

“Market Rate Units” means Project units that are not subject to the Tax Credit income limitations under §42 of the Code.


“Net Cash from Sales and Refinancings” means, with respect to any fiscal year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable
costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with the sale or other disposition of Project Property.

"Nonrecourse Deduction" has the meaning set forth in §1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for any fiscal year of the Partnership equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that fiscal year reduced (but not below zero) by the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined in accordance with §1.704-2(c) of the Regulations.

"Nonrecourse Liability" has the meaning set forth in §1.704-2(b)(3) of the Regulations.

"Operating Deficit" means the amount by which the collected revenues of the Partnership from rental payments made by tenants of the Project (including governmental subsidies received during such period) and all other revenues of the Partnership (including the proceeds of rental interruption insurance but excluding Capital Contributions, proceeds of any loans to the Partnership, investment earnings on funds on deposit in the reserve fund for replacements and other such reserve or escrow funds or accounts, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) for a particular period of time is exceeded by the sum of all of the operating expenses, including all required debt service, operating and maintenance expenses, taxes, assessments, required deposits into the reserve fund for replacements and other reserve or escrow accounts, a ratable portion of the annual amount of seasonal and/or periodic expenses (including, but not limited to, utilities, maintenance expenses and real estate taxes, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation), any fees to lenders and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures that become due and payable (excluding payments for construction of the Project, debt service payments payable solely out of Cash Flow, deposits to the reserves payable solely out of Cash Flow, and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner to the Partnership pursuant to this Agreement and other financing sources) during the same period of time. In computing the Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital improvements (excluding payments for construction of the Project) during the period described above shall also be taken into account, unless such amounts are funded from Project reserves. Operating Deficits shall be measured on a monthly basis and funded as necessary during the Operating Deficit Guaranty Period.
“Operating Deficit Guaranty Amount” means Seven Hundred Ninety Five Thousand and No/100 Dollars ($795,000.00).

“Operating Deficit Guaranty Period” means the period beginning with the date in which the Project achieves Stabilized Occupancy and ending on the date that is five (5) years from achievement of Stabilized Occupancy; provided, however, (i) if in the fifth year of such period, the Partnership fails to achieve a Debt Service Coverage Ratio of 1.15 or better, and (ii) the Operating Reserve is funded in an amount less than the Operating Reserve Target Amount, then such period shall be extended until such time as the Partnership shall achieve a Debt Service Coverage Ratio of 1.15 or better, measured on a 12-month basis, and the Operating Reserve is funded in an amount not less than the Operating Reserve Target Amount.

“Operating Reserve” means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in §6.4(g)(ii).

“Operating Reserve Account” means a segregated Partnership bank account established by the General Partner to hold the Operating Reserve, as described in §6.4(g)(ii).

“Operating Reserve Target Amount” means Three Hundred Seventy Thousand One Hundred Fifty and No/100 Dollars ($370,150.00) and maintained as described in §6.4(g)(ii).

“Partner” or “Partners” means mean the General Partner, Special Limited Partner and Limited Partner, either individually or collectively.

“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with §1.704-2(i) of the Regulations.

“Partner Nonrecourse Debt” has the meaning set forth in §1.704-2(b)(4) of the Regulations.

“Partner Nonrecourse Deductions” has the meaning set forth in §1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership fiscal year equals the net increase during that fiscal year in Partner Nonrecourse Debt reduced (but not below zero) by the proceeds of the Partner Nonrecourse Debt distributed during that fiscal year to the Partner bearing the economic risk of loss for the Partner Nonrecourse Debt that are both attributable to the Partner Nonrecourse Debt and allocable to an increase in Partner Minimum Gain, as determined in accordance with §1.704-2(i)(2) of the Regulations.

“Partnership” means The Colony Senior Community, L.P.

“Partnership Agreement” means this Amended and Restated Limited Partnership Agreement of the Partnership, as amended from time to time. Words such as “herein,”
“hereinafter,” “hereof,” “hereeto” and “hereunder” refer to this Partnership Agreement as a whole, unless the context otherwise requires.

“Partnership Interest” means, as to any Partner, such Partner’s right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership under this Partnership Agreement and the Act.

“Partnership Minimum Gain” has the meaning set forth in §1.704-2(d) of the Regulations.

“Partnership Property” means all real and personal property acquired by the Partnership and any improvements thereto, and shall include both tangible and intangible property.

“Permanent Credit Reduction” has the meaning set forth in §6.9(a) hereto.

“Permanent Credit Reduction Adjustment” has the meaning set forth in §6.9(a) hereto.

“Permanent Lender” means Wells Fargo Bank, N.A., or another lender reasonably acceptable to the Limited Partner.

“Permanent Loan” means that certain mortgage loan from the Permanent Lender to the Partnership in the original principal amount not to exceed Three Million Eight Hundred Thousand and No/100 Dollars ($3,800,000.00).

“Permanent Loan Conversion Guaranty” has that meaning set forth in §6.4(f)(iii).

“Permanent Loan Documents” means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note and mortgage.

“Person” means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

“Placement in Service” means occurrence of all of the following: (a) substantial completion of rehabilitation or construction, (b) issuance of certificate(s) of occupancy for all Residential Units in the Project (it being agreed that temporary certificates of occupancy shall be acceptable if (i) such certificates permit occupancy of all of the Residential Units and any community building that is a part of the Project, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the Units and/or any community building on a full paying basis, (iii) the conditions set forth for obtaining permanent certificates of occupancy for all Residential Units and any community building are readily achievable as determined by the Limited Partner in its reasonable discretion, and (iv) the Partnership has made adequate provision, to the reasonable satisfaction of the Limited Partner, for the payment and completion
of any work that remains to be performed), and (c) placement in service as defined by federal tax law for qualified basis and Tax Credits.

“Plans and Specifications” mean the plans and specifications as supplemental by any change orders approved by the Limited Partner in accordance herewith.

“Post-Closing Document Delivery Agreement” means that certain agreement by and between the General Partner, the Special Limited Partner and the Limited Partner, dated as of the date hereof, with respect to certain ancillary documents that are required to be delivered by the General Partner to the Limited Partner within a short period of time after closing.

“Prime Rate” means the interest rate announced from time to time by Citibank, N.A., or its successor, as its prime lending rate, expressed as a percent per annum. The “Prime Rate” shall be determined on a daily basis.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, except as provided for in §4.2(m), determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the Regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership Property is revalued in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership Property shall be taken into account as gain or loss from the disposition of such Partnership Property for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership Property which has been revalued pursuant to §1.704-1(b)(2)(iv)(f) of the Regulations and with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted value of such Partnership Property, notwithstanding that the adjusted tax basis of such Partnership Property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership Property which has been revalued in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to §§4.2(a) and (d) through (o) shall not be taken into account in computing Profits or Losses.

“Project Closing Checklist” means the Limited Partner’s most recent checklist of items that must be submitted to the Limited Partner and approved by the Limited Partner before it will enter the Partnership.

“Project Documents” means any or all of the agreements or contracts related to the construction of the Project, including Plans and Specifications, Loan Documents, architect agreement, management agreement, fee agreements, and any other document or instrument executed in connection with the development and operation of the Project.
"Project Property” or “Project” means the affordable housing rental project to be known as Evergreen at the Colony Apartments, which project will be located at 57000 SH 121, The Colony, Texas and will be comprised of five (5) buildings containing one hundred forty-five (145) Residential Units, administration offices, community rooms, central laundry facilities, underground and surface parking, a playground, and all furnishings, equipment and personal property used in connection with the operation thereof. It is expected that one-hundred forty-five (145) Residential Units will be rented to low- and very low-income households, and zero (0) Residential Units will be a Market Rate Unit.

"Project State” means Texas.

"Projected First Tax Credit Year” means 2010.

"Projected Tax Credits” means the product of (i) 99.99%, multiplied by (ii) the Tax Credits expected to be allocable to the Project. The Tax Credits expected to be allocable to the Project during each year of the Credit Period for purposes of making the calculation set forth in the preceding sentence are $822,845 for the year 2010, $1,334,343 for each year of 2011 through 2019, and $511,498 for the year 2020, as shown in the Projections attached hereto. The Projected Tax Credits shall be deemed amended and revised to reflect the Projected Tax Credits calculated in any revised Projections prepared pursuant to §6.9(a) and §6.9(b) of this Partnership Agreement.

"Projections” means the projections attached hereto as Appendix I, as they may be amended pursuant to this Partnership Agreement.

"Property Management Agent” or “Management Agent” means initially Churchill Residential Management, L.P., a Texas limited partnership, or such other Property Management Agent as is selected by the General Partner from time to time or identified by the Limited Partner pursuant to §6.4(l) with the prior written consent of the Asset Manager.

"Property Management Agent Fee” means a fee of up to 5.08% of the gross collected rents from the Project payable to the Property Management Agent, as described in the Property Management Agreement.

"Property Management Agreement” means the Property Management Agreement entered into or to be entered into by the Partnership and the Property Management Agent pursuant to which the Property Management Agent shall have primary responsibility for overseeing the management of the Project Property, as described in §6.4(i).

"QAP” means the Qualified Allocation Plan for the Project State.

"Qualified Basis” has the meaning set forth in §42(c) of the Code.

"Qualified Occupancy” means the initial occupancy of 100% of the Tax Credit Units by qualified tenants pursuant to §42 of the Code.
“Qualified Occupancy Date” means December 31, 2010.

“Radon Testing Requirement” means that, upon Construction Completion, the Partnership shall cause each building in the Project to be tested for radon gas in accordance with industry standards for such testing (“Radon Test”) and shall have a radon gas measurement report and conclusion (“Radon Report”) completed for each such building. The Partnership shall hire, at its sole cost and expense, a radon service professional or environmental professional to conduct the Radon Test and prepare the Radon Report. The radon service professional shall be certified/accredited by (a) the National Radon Safety Board, (b) the National Environmental Health Association or (c) shall be an environmental professional acceptable to the Limited Partner and such professional shall conduct such testing pursuant to all state, local and federal requirements for radon testing. Should the Radon Report indicate the presence of radon gas in excess of applicable federal, state or local safety guidelines, the Partnership shall, at its sole cost and expense: (i) take all corrective actions or responses needed to remediate, clean up and otherwise remove such radon gas and (ii) take such actions as are necessary to prevent or mitigate any future release of radon gas. In addition, documentation including, but not limited to, the Radon Report and such other documentation evidencing compliance with the foregoing shall be provided to the Limited Partner.

“Regulations” means the Federal Income Tax Regulations (including without limitation, Temporary Regulations) promulgated under the Code, as the same may be amended from time to time (including corresponding provisions of successor regulations).

“Regulatory Agreement” means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any Lender, or any applicable government agency setting forth certain terms and conditions under which the Project is to be operated.

“Replacement Reserve” means the amount of funds required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in §6.4(g)(iii).

“Replacement Reserve Account” means a segregated Partnership bank account held by the General Partner or the Permanent Lender and established to hold the Replacement Reserve, as described in §6.4(g)(iii).

“Residential Units” means the individual residential rental housing Tax Credit Units and the Market Rate Units located on the Project Property.

“Right-Sized Permanent Loan Amount” means the maximum permanent loan amount that produces a debt service payment (based on the Permanent Loan interest rate and terms contained in the Projections) that, when combined with all other actual cash expenditures (included in the definition of Debt Service Coverage Ratio), yields a debt service coverage
ratio of 1.15 or better for each of the three (3) consecutive months after Construction Completion or, if applicable, immediately prior to the conversion of the Construction Loan to the Permanent Loan.

“Second Installment” has the meaning set forth in §3.2(a)(ii) of this Partnership Agreement.

“Special Limited Partner” means Churchill Residential, Inc., a Texas corporation.

“Sponsor” means LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.

“Stabilized Occupancy” means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three (3) consecutive months; (b) the collected revenues (not including operating expenses) for any three (3) consecutive calendar months (including all government subsidies due and payable at such time and the proceeds of rental interruption insurance but not yet received by the Partnership, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) from those Residential Units equal or exceed each of the following: (i) the 2010 projected revenues (not including operating expenses) as set forth in the Projections for the same three (3) month period; and (ii) the sum of the following for the same 3 month period: (A) all actual accrued operational costs of the Project, including, without limitation, administrative expenses of the Partnership, maintenance costs, insurance, utilities, Management Agent fee, taxes, assessments, and replacement reserve deposits, and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes, if applicable) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations, but excluding the Deferred Development Fee, the Incentive Partnership Management Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow; plus (B) all actual required debt service payments (provided that debt service payments for this purpose shall not include those that are to be paid solely out of Cash Flow), which costs and expenses described in the preceding clauses (A) and (B) shall be evidenced by a certification of the General Partner (accompanied by an unaudited balance sheet of the Partnership) confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Partnership on the date of such certification; and (c) the amount of the Permanent Loan does not exceed the Right-Sized Permanent Loan Amount. For the purpose of this definition, operational costs of the Partnership shall be the greater of the Partnership’s actual operational costs for such period determined in the manner described hereinabove or the anticipated operational costs for such period determined on an accrual basis in accordance with the annual operating budget described in §8.2(c) below and allocated ratably over twelve months of the Partnership accounting year.

“State Housing Finance Agency” means the agency controlling the allocation of Tax Credits and administering the Tax Credits, which in certain limited instances may be a local city agency.
“Subordinate Lenders” means the State Housing Finance Agency together with any successors or assigns in such capacity, reasonably acceptable to the Limited Partner.

“Subordinate Loan” means the loan expected to be made from the following Subordinate Lender in the amount set forth after its name:

<table>
<thead>
<tr>
<th>Lender</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Housing Finance Agency</td>
<td>$3,000,000.00</td>
</tr>
</tbody>
</table>

“Subordinate Loan Documents” means any and all of the documents evidencing, securing, or related to each of the Subordinate Loan, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner or a Special Limited Partner to the Partnership pursuant to §9.2 or §9.3 in place of and with all the rights of a limited partner under the Partnership Agreement and the Act.

“Tax Credit” or “Credit” means the low income housing tax credit under §42 of the Code.

“Tax Credit Units” means Project units that are subject to the Tax Credit income limitations under §42 of the Code.

“Tax Matters Partner” means the General Partner acting in its capacity designated in §6.4(c).

“Ten Percent Due Date” means December 1, 2009.

“Third Installment” has the meaning set forth in §3.2(a)(iii) of this Partnership Agreement.

“Timing Reduction” means the reduction in the Capital Contribution of the Limited Partner designed to compensate the Limited Partner for the reduced present value of delayed Tax Credits.

“Timing Shortfall” means, for any fiscal year, the difference between the Actual Tax Credits and the Projected Tax Credits for any year in the Project’s Credit Period which is attributable to a delayed receipt of Tax Credits.

“Voluntary Transfer” means any sale, assignment, transfer, pledge, or hypothecation of any Partnership Interests by a Partner, except for an Involuntary Transfer.
ARTICLE 2: ORGANIZATION

§2.1 Continuation of Partnership. The Partnership was formed by filing of the Certificate of Limited Formation with the Filing Office on May 11, 2007, and by the execution of the Initial Agreement. The Partners desire to continue the Partnership under and pursuant to the provisions of the Act. By executing this Partnership Agreement, the parties hereto agree that the Initial Agreement is hereby amended and restated in its entirety and the Limited Partner is hereby admitted to the Partnership on the terms and conditions set forth herein, and by executing the withdrawal signature page hereof, the Initial Limited Partner hereby concurrently withdraws from the Partnership, all to become effective upon filing of an amended Certificate of Formation reflecting such changes if and to the extent required by the Act.

§2.2 Character and Purpose of Business. The general character and purpose of the business of the Partnership is: (a) to acquire, construct, own, finance, lease, and operate the Project Property as a qualified low income housing project within the meaning of §42 of the Code and consistent with the charitable purposes of the sole member of the General Partner; (b) to eventually sell or otherwise dispose of the Project Property in a manner consistent with the provisions of this Partnership Agreement; and (c) to engage in all other activities incidental or related thereto.

§2.3 Name of Partnership. The name of the Partnership is “The Colony Senior Community, L.P.”.

§2.4 Principal Place of Business. The address of the principal place of business of the Partnership shall be 10405 East Northwest Highway, Suite 100, Dallas, Texas 75238, or such other address as the Partners may select from time to time.

§2.5 Principal Office. The address of the principal office of the Partnership is 10405 East Northwest Highway, Suite 100, Dallas, Texas 75238, or such other address as the Partners may select from time to time.

§2.6 Agent for Service of Process. The Partnership’s agent for service of process is LifeNet Community Behavioral Healthcare or such other agent as the General Partner may select from time to time with written notice to the Limited Partner. The address of the agent for service of process is 10405 East Northwest Highway, Suite 100, Dallas, Texas 75238.

§2.7 Name and Address of General Partner. The name and address of the General Partner is:

   LCBH-The Colony GP, L.L.C.
   10405 East Northwest Highway, Suite 100
   Dallas, Texas 75238

§2.8 Name and Address of Limited Partner and Special Limited Partner. The name and address of the Limited Partner is:

-17-
Limited Partner:
NEF Assignment Corporation
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

Special Limited Partner:
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038

§2.9 Governmental Filings. The General Partner shall make all governmental filings as are necessary or appropriate to qualify the Partnership (a) to do or continue to do business in the Project State and any other jurisdiction in which it is doing business and is required to so qualify or (b) to otherwise carry out the purposes and intent of this Partnership Agreement. In addition, the General Partner shall timely and properly file of record the Extended Use Agreement.

§2.10 Term of Partnership. The term of the Partnership began on May 11, 2007 (the date on which the Certificate of Formation was first filed with the Filing Office) and the Partnership will continue in existence until December 31, 2058, or such later date as the Partners agree, unless it is earlier dissolved and terminated in accordance with the provisions of this Partnership Agreement.

§2.11 Compliance with Laws. The Partnership shall comply with all applicable provisions of the Act, and any other applicable statutes and local ordinances governing limited partnerships in the Project State, as well as any other applicable laws of any federal, state, or local government or agency having legal jurisdiction over the Partnership and the Project (including without limitation, Environmental Laws).

§2.12 Statutory Record Keeping. The Partnership shall keep at its principal place of business the following and any and all other items required by the Act:

(a) a current list of the full name and last known address of each Partner, separately identifying each general partner and all limited partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner;

(b) a copy of the Certificate of Formation of the Partnership, as amended or restated from time to time, together with executed copies of any powers of attorney pursuant to which any such certificate has been executed;

(c) copies of the Partnership’s federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;
(d) a copy of the Partnership Agreement, any original or prior written partnership agreements of the Partnership, and any amendments thereto;

(e) financial statements of the Partnership for the three (3) most recent years.

§2.13 Related Party Debt. The Partners agree that any entity that is a lending institution having a direct or indirect ownership or beneficial interest in the Limited Partner (a “Related Lender”) may at any time make, guarantee, own, acquire, or otherwise credit-enhance, in whole or in part, a loan secured by a mortgage, deed of trust, or other security instrument encumbering the Project (a “Related Lender Loan”). Under no circumstances shall a Related Lender be considered to be acting on behalf or as an agent or the alter ego of the Limited Partner or any of its members, partners, or beneficiaries in making a Related Lender Loan. A Related Lender may in its discretion take any actions that it determines advisable in connection with a Mortgage Loan, including enforcement actions. The Partners hereby acknowledges that no Related Lender owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Lender’s direct or indirect ownership or beneficial interest in the Partnership (the “Related Lender’s Equity Interest). Neither the Partnership nor any other Partner shall make any claim against a Related Lender, or against the Limited Partner or any other entity through which the Related Lender owns the Related Lender’s Equity Interest, relating to a Related Lender Loan and alleging any breach of fiduciary duty, duty of care, or any other duty whatsoever to the Partnership, the Limited Partner, or such other Partner, based in any way upon the Related Lender’s Equity Interest. As used herein, the term “Limited Partner” includes its successors and assigns, as applicable.

§2.14 Non-Confidential Tax Shelter. Any obligations of confidentiality contained in or applicable to this Partnership Agreement shall not apply to the federal tax structure or federal tax treatment of the Partnership or the transactions contemplated herein. Each Partner and its employees, representatives, and agents may disclose to any and all persons, without limitation of any kind, such federal tax structure and treatment and such transactions. The Partnership interest shall not be treated as having been issued under conditions of confidentiality for purposes of Treasury Regulations §1.6011-4(b)(3) or any successor provision. Each Partner agrees that it has no proprietary or exclusive rights to the federal tax structure of the Partnership, the transactions contemplated herein, or federal tax matters or ideas related to such transactions.

The General Partner shall promptly notify the Limited Partner and the Special Limited Partner if it learns that the Partnership has participated in any reportable transaction within the meaning of Treasury Regulations §1.6011-4(b)(3).

§2.15 Definitions. All capitalized words and phrases used in this Partnership Agreement (other than the full names and addresses of the Partners and governmental subdivisions and agencies) have the meanings set forth in Article 1.
ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS

§3.1 General Partner’s Capital Contributions.

(a) The General Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of One Hundred and No/100 Dollars ($100.00) in exchange for a 0.01% General Partner’s Partnership Interest, and, upon the execution of this Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

(b) The General Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement. The General Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

(c) If the Partnership has not paid all amounts due as a Deferred Development Fee by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make an additional Capital Contribution to the Partnership in the amount of the outstanding balance of the Deferred Development Fee, and any accrued and unpaid interest thereon, and the Partnership shall use this Capital Contribution to pay the remaining balance of the deferred Developer Fee, and any accrued and unpaid interest thereon.

§3.2 Limited Partner’s Capital Contributions. The Limited Partner shall make Capital Contributions to the Partnership in the aggregate amount of Ten Million Eight Hundred Sixty Thousand Four Hundred Sixty-Three and No/100 Dollars ($10,860,463.00) in exchange for a 99.99% Limited Partner Partnership Interest in the Partnership (the “Limited Partner Capital Contribution”). The Limited Partner Capital Contributions shall be paid as equity pursuant to §3.2(a) for Project related costs (other than non-deferred Developer Fee approved by the Limited Partner) (“Project Equity”) and pursuant to §3.2(b) for the non-deferred portion of the Developer Fee (“Non-Deferred Developer Fee Equity”). Subject to §6.9 and the other terms and conditions of this Partnership Agreement, the Limited Partner’s Capital Contributions will be made as follows:

(a) Project Equity.

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $1,812,620 in cash (the “First Installment”), less $38,000, which shall be paid directly to the Limited Partner to reimburse it for its due diligence and closing costs in conjunction with its acquisition of an interest in the Partnership:
(A) Receipt and approval by the Asset Manager of all of the Limited Partner’s Project Closing Checklist requirements (except for those documents reflected in the Post-Closing Document Delivery Agreement); and
(B) Admission of the Limited Partner to the Partnership.

(ii) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $1,812,620 in cash (the “Second Installment”):

(A) Satisfactory completion of 50% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;
(B) Receipt of the Carryover Allocation Documents, if not previously provided, and approval of such Documents by the Asset Manager’s tax counsel;
(C) Receipt by the Asset Manager of all documents set forth in the Post-Closing Document Delivery Agreement;
(D) Satisfaction of all of the conditions to the payment of all prior installments;
(E) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and
(F) August 1, 2009.

(iii) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $1,812,620 in cash (the “Third Installment”):

(A) Satisfactory completion of One-Hundred percent (100%) of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;
(B) Receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the repayment in full of the Construction Loan and the requisite account wiring information with respect to where such funds must be deposited;
(C) Receipt by the Asset Manager of at least temporary Certificates of Occupancy for all Project Residential Units and, if applicable, all commercial space;
(D) Receipt by the Asset Manager of an architect’s certification indicating that all the work has been substantially completed in accordance with the plans and specifications provided to, and approved by, the Asset Manager;
(G) Satisfaction of all of the conditions to the payment of all prior installments;

(H) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(I) April 1, 2010.

(iv) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $3,995,389 in cash (the “Fourth Installment”):

(A) Verification to the satisfaction of the Asset Manager that Qualified Occupancy of all Project Tax Credit Units and 90% occupancy of all Project Market Rate Units have been achieved;

(B) Receipt by the Asset Manager of executed Permanent Loan documents that have been previously approved by the Asset Manager;

(C) Receipt by the Asset Manager of satisfactory evidence of the General Partner’s performance under the Permanent Loan Conversion Guaranty;

(D) Verification to the satisfaction of the Asset Manager that the Project has achieved Stabilized Occupancy;

(E) Completion of any outstanding punch list items to the reasonable satisfaction of the Asset Manager;

(F) Receipt of a final Owner’s Title Insurance Policy in satisfactory form;

(G) Receipt of an ALTA “As-Built” Survey of the Project;

(H) Receipt of final lien waivers from the general contractor;

(I) Receipt of a satisfactory final Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(J) Receipt by the Asset Manager of final Certificates of Occupancy for all Project Residential Units and, if applicable, all commercial space;

(K) Receipt by the Asset Manager of satisfactory evidence that all reserves, including, but not limited to, the Operating Reserve Account and Replacement Reserve Account have been established by the General Partner and funded at the required levels (the funding levels may be met with funds from this installment);

(L) Receipt by the Asset Manager of reasonably satisfactory evidence that the Radon Testing Requirements has been satisfied;
(M) Receipt by the Asset Manager of satisfactory Environmental Certification in the form provided by the Asset Manager;

(N) Receipt of all required tax-abatement approval documentation in acceptable form and an opinion from the General Partner's counsel regarding the availability of such tax-abatement;

(O) Satisfaction of all of the conditions to the payment of all prior installments;

(P) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(Q) April 1, 2011.

$370,150 of this installment shall be used to fund the Partnership Operating Reserve Account.

Notwithstanding anything to the contrary in §3.2 above, the Asset Manager may, in its sole and absolute discretion, waive any one or more of the requirements set forth in §3.2(a)(i) - (iv) above and pay that installment of Project Equity; provided, however, any requirement that is waived must be satisfied prior to the payment by the Limited Partner of the respective Developer Fee Equity pursuant to §3.2(b)(i) - (v) below.

(b) Non-Deferred Developer Fee Equity. The Partnership shall pay to the Developer the Developer Fee upon satisfaction of the terms and conditions set forth in the Development Agreement and this Partnership Agreement. Such Developer Fee shall be payable under this §3.2(b) in the amount not to exceed the Non-Deferred Developer Fee Equity. Any amount in excess of the Non-Deferred Developer Fee Equity shall be deferred pursuant to this §3.2(b).

(i) Upon (A) the satisfaction of all of the requirements set forth in §3.2(a)(i) above, (B) receipt by the Asset Manager of satisfactory evidence that construction and/or rehabilitation of the Project has commenced, and (C) January 5, 2009, the Limited Partner shall pay to the Partnership $142,721 in cash which shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “First Developer Fee Installment”).

(ii) Upon the satisfaction of all of the requirements set forth in §3.2(a)(ii) and §3.2(b)(i) above, the Limited Partner shall pay to the Partnership $142,721 in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Second Developer Fee Installment”).

(iii) Upon the satisfaction of all of the requirements set forth in §3.2(a)(iii) and §3.2(b)(ii) above, and the following requirement below, the Limited
Partner shall pay to the Partnership $142,721 in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Third Developer Fee Installment”):

(A) Receipt of a satisfactory draft Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis.

(iv) Upon the satisfaction of all of the requirements set forth in §3.2(a)(iv) and §3.2(b)(iii) above, the Limited Partner shall pay to the Partnership $927,690 in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Fourth Developer Fee Installment”).

(v) Upon the satisfaction of all of the requirements set forth in §3.2(a)(iv) and §3.2(b)(iv) above, and all of the following requirements, the Limited Partner shall pay to the Partnership $71,361 in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Fifth Developer Fee Installment”):

(A) Receipt by the Asset Manager and acceptance of the first year’s tax return and K-1 for the Partnership after Qualified Occupancy is achieved;

(B) Receipt by the Asset Manager of satisfactory evidence that the General Partner has made an election to be taxed as a corporation;

(C) Receipt by the Asset Manager of satisfactory evidence that the General Partner has made an election under Code §168(h)(6)(F)(ii) in accordance with the procedures set forth in Treasury Regulations §301.9100-7T(a), or any successor provision, for the making of such election;

(D) Receipt by the Asset Manager of a fully executed Form 8609 (including an executed Part 2) issued for each building in the Project;

(E) Receipt by the Asset Manager of a copy of the filed Extended Use Agreement;

(F) Receipt by the Asset Manager of recorded copies of all previously executed and recorded Permanent Loan Documents;

(G) Satisfaction of all of the conditions to the payment of all prior installments;

(H) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(I) April 1, 2011.
A portion in the Developer Fee in the amount of $347,195 that is not projected to be paid out of the Limited Partner's Capital Contribution or the Project financing shall be payable from available Cash Flow, with interest thereon at the rate of four percent (4.0%), compounding annually and, if applicable, as provided in §3.1(c), above, subordinated to any Cash Flow payments to be made to the Limited Partner in satisfaction of a required Credit Reduction Payment. If any principal and/or accrued interest on the Deferred Development Fee remain unpaid by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make a Capital Contribution to the Partnership, as provided for in §3.1(c) above, in an amount sufficient to enable the Partnership to pay the outstanding amount of the Deferred Development Fee.

Notwithstanding anything to the contrary herein, if there are any cost savings with respect to the construction of the Project ("Cost Savings"), such Cost Savings shall be distributed, subject to the approval of the Asset Manager, in the following order: (A) first, in accordance with §5.1(a)(i) through (iii) hereof, (B) second, to reduce the amount of the Permanent Loan Gap Amount (which shall not be deemed loans by the General Partner or the Special Limited Partner), as set forth in §6.4(f)(iii), and (C) to the Developer as an incentive construction oversight fee in an amount not to exceed such amount as permitted by the State Housing Finance Agency or in any of the Loan Documents.

(c) The obligation to pay the amounts due under §3.2(a) and (b) is expressly conditioned upon each of the following requirements, in addition to those requirements that are set forth above, being satisfied at all times prior to and including the due dates of the above payments:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in this Partnership Agreement (including, without limitation, those covenants and obligations set forth in §6.3);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Capital Contribution payment (including, without limitation, those set forth in §6.3);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 hereof, it being acknowledged and agreed that any penalty assessed against the General Partner under §8.6(a) for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Developer Fee payable under §3.2(b), and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under §3.2(b) and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward
payment of the Developer Fee (to be allocated 2.43% to LifeNet Community Behavioral Healthcare and 97.57% to Churchill Communities, L.P.);

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner’s financial or business condition or operations that affects (or with the passage of time will affect) its ability to perform its obligations hereunder; and

(v) There has been no change in any law or regulation which would adversely affect the ability of the Partnership to generate Tax Credits.

(d) The General Partner shall deliver to the Limited Partner, not more than thirty (30) days nor less than ten (10) business days prior to the due date of each installment of the Limited Partner’s Capital Contribution, the General Partner’s written certification that each of the conditions set forth in §3.2(c), above, has been satisfied.

(e) Subject to the provisions set forth above, if a Limited Partner’s interest in the Partnership is liquidated (within the meaning of Regulations §1.704-1(b)(2)(ii)(g)) prior to the payment of the Limited Partner’s entire Capital Contribution pursuant to this §3.2, and this Limited Partner does not or has not provided a negotiable promissory note to evidence its obligation to pay its Capital Contribution, the Limited Partner shall pay no later than the end of the taxable year of the Partnership in which the Limited Partner’s interest is liquidated or, if later, within ninety (90) days after the date of the liquidation the lesser of (1) the unpaid balance of its Capital Contribution; and (2) its negative Capital Account balance.

§3.3 Intentionally Omitted.

§3.4 Interest on Capital Contributions. The Partnership shall not pay any Partner interest on its Capital Contribution.

§3.5 Withdrawal and Return of Capital Contributions. Except as provided elsewhere herein, no Partner has the right: (a) to withdraw any part of its Capital Contribution from the Partnership; (b) to demand a return of its Capital Contribution; or (c) to receive property other than cash in return for its Capital Contribution.

§3.6 Capital Accounts.

(a) The Partnership shall maintain for each Partner a separate capital account in accordance with §1.704-1(b) of the Regulations. The Capital Account of each Partner consists of the amount of its Capital Contribution, and will be (1) increased by (i) the fair market value of any property contributed by it to the Partnership, (ii) the amount of any Partnership liability assumed by such Partner or which is secured by any Partnership Property distributed to such Partner, and (iii) its allocable share of Profits and any items of income or gain specially allocated to it pursuant to §§4.2 (d) through (o), and (2) decreased by (i) the amount of any cash distributed to it, (ii) the fair market value of any Partnership
Property distributed to it, (iii) the amount of any liability of such Partner assumed by the Partnership or which is secured by any property contributed by such Partner to the Partnership, and (iv) its allocable share of Losses and any items of loss or deduction specially allocated to it pursuant to §§4.2 (d) through (o).

(b) If any Partnership Interests are transferred in accordance with the terms of this Partnership Agreement, then the transferee will succeed to the Capital Account of the transferor to the extent it relates to the transferred Partnership Interest. Upon the occurrence of any of the following events, the Partnership shall revalue the Partnership Property and adjust the Partners' Capital Accounts to reflect the gain (or loss) that would have been allocated to each Partner if all the Partnership Property had been sold at its fair market value immediately prior to the occurrence of any of the following events, and if required to cause the provisions herein regarding the maintenance of Capital Accounts to comply with §1.704(b) of the Regulations:

(i) Any new or existing Partner acquiring an additional interest in the Partnership in exchange for more than a de minimis Capital Contribution;

(ii) The Partnership distributing to a Partner more than a de minimis amount of property or money in consideration for an interest in the Partnership; or

(iii) The “liquidation” of the Partnership within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, other than a “liquidation” resulting from a termination under §1.708-1(b)(1)(ii) of the Regulations.

The revaluation of the Partnership Property referred to in the immediately preceding sentence will be made in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations.

The foregoing provisions and all other provisions of this Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with §1.704-1(b) of the Regulations and will be interpreted and applied in a manner consistent with such Regulations.

§3.7 Partnership Loans. Subject to the limitations set forth in §6.2(f), if from time to time the Partnership needs funds in excess of those provided by the Construction Loan, Permanent Loan, Subordinate Loan, Capital Contributions of the Partners, and funds required to be provided by the General Partner or any Affiliate of the General Partner pursuant to any obligation hereunder or any other agreement (such as pursuant to §§6.4(f)(i), §6.4(f)(ii), and §6.4(f)(iii)), any Partner or other person, organization, or institution may loan such additional funds to the Partnership at an interest cost to the Partnership and upon such terms, as agreed upon by the General Partner in its reasonable discretion, subject to compliance with the terms of existing loan agreements and this Partnership Agreement. Any loan made by a General Partner or an Affiliate of a General Partner will not bear interest in excess of the long term annual compounding Applicable Federal Rate. Any loan made hereunder by a Partner will be paid as provided in §5.1 and §5.2 hereof.
§3.8 Additional Capital Contributions. Except as expressly provided in this Partnership Agreement, no Partner is required to make contributions to the capital of the Partnership.

§3.9 Limited Partner’s Withdrawal Option. In the event that the following events have not occurred by the specified dates, unless such dates are waived or extended in writing by the Limited Partner:

<table>
<thead>
<tr>
<th>Event</th>
<th>Completion or Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commencement of construction of the Project as evidenced in a manner as reasonably required by the Asset Manager.</td>
<td>1. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
<tr>
<td>2. Submission of all outstanding items in the Post-Closing Document Delivery Agreement</td>
<td>2. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
</tbody>
</table>

then the Limited Partner may, at its sole option and discretion, withdraw from the Partnership at any time unless and until it waives such withdrawal right in writing. Upon any such withdrawal, the Partnership shall execute and file a release of the Limited Partner’s UCC Financing Statement securing its Capital Contribution obligation, and the Partners shall execute an amendment to the Partnership Agreement, the General Partner shall execute, file, and record, as applicable, an amendment to the Partnership’s Certificate of Formation, reflecting the withdrawal of the Limited Partner and the release of all of the Limited Partner's obligations and liabilities in connection with the Partnership, all of the foregoing documents to be in form and content satisfactory to the Limited Partner. Notwithstanding any failure or delay in such execution and delivery, however, the Partnership Agreement shall be deemed to have been amended in accordance with the provisions of this §3.9 once the Limited Partner has provided the General Partner with written notice of its intent to withdraw. Nothing herein shall be construed to diminish any of the General Partner’s obligations under the Partnership Agreement to issue final accounting and tax reports to the Limited Partner for all periods prior to its withdrawal and in which its withdrawal occurred.
ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS

§4.1 Profit and Loss Allocations. Except as otherwise provided in §4.2, Profits and Losses for any fiscal year of the Partnership are allocated among the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.009%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.001%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.99%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

§4.2 Special Allocations. Notwithstanding anything to the contrary contained in §4.1, the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under §4.1:

(a)  **Depreciation and Tax Credits.**

   (i) Depreciation (cost recovery) deductions and Tax Credits are allocated 0.009% to the General Partner, 0.001% to the Special Limited Partner and 99.99% to the Limited Partner.

   (ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(b)  **Limitation on Allocations of Losses.** To the extent the allocation of any Losses to a Limited Partner would cause that Limited Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Partnership, then those Losses will not be allocated to that Limited Partner, but rather will be specially allocated to the General Partner.

(c)  **Profit Chargeback.** To the extent any Losses are allocated to the General Partner in accordance with subparagraph (b) of this §4.2, then Profits will thereafter first be specially allocated to the General Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such allocations of Losses made to the General Partner under such subparagraph (b) but (2) not to the extent that Losses would be allocated to the Limited Partner in excess of the amount permitted by such subparagraph (b).

(d)  **Partnership Minimum Gain Chargeback.** Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, then each Partner will be specially allocated items of Partnership income or gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to the portion of such Partner’s share of the net decrease in the Partnership Minimum
Gain (determined in accordance with §1.704-2(g) of the Regulations). Any allocations made pursuant to this subparagraph (d) are to be made in proportion to the respective amounts required to be allocated to each of the Partners pursuant thereto. The items of Partnership income or gain specially allocated under this subparagraph (d) are to be determined in accordance with §1.704-2(f) of the Regulations. This subparagraph (d) is intended to comply with the minimum gain chargeback requirements of §1.704-2(f) of the Regulations and will be interpreted consistently therewith.

(e) **Partner Minimum Gain Chargeback.** Notwithstanding any other provision of this Article 4 (except subparagraph (d) of this §4.2), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, then each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with §1.704-2(i)(5) of the Regulations) will be specially allocated items of Partnership income and gain for such fiscal year (and if necessary, subsequent fiscal years) in an amount equal to the portion of such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with §1.704-2(i)(4) of the Regulations). Any allocations made pursuant to this subparagraph (e) will be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items of Partnership income or gain specially allocated under this subparagraph (e) will be determined in accordance with §1.704-2(i)(4) of the Regulations. This subparagraph (e) is intended to comply with the minimum gain chargeback requirements of §1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

(f) **Qualified Income Offset.** If a Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Limited Partner as quickly as possible. The special allocations required pursuant to this subparagraph (f) are made only if and to the extent that that Limited Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this subparagraph (f) were not in the Partnership Agreement. This subparagraph (f) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(g) **Gross Income Allocation.** If a Limited Partner has a deficit balance in its Capital Account at the end of any Partnership fiscal year which exceeds the sum of (1) the amount that Limited Partner is obligated to restore pursuant to any provision of this Partnership Agreement and (2) the amount that Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of §1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, then that Limited Partner will be specially allocated items of Partnership income or gain in the amount of such excess as quickly as possible. The special allocations required pursuant to this subparagraph (g) are made only if and to the extent that that Limited Partner would have a deficit Capital Account in excess of the aforementioned sum.
after all of the allocations provided for in this Article 4 have been tentatively made as if subparagraph (f) and this subparagraph (g) were not in the Partnership Agreement.

(h) **Nonrecourse Deductions.** Nonrecourse Deductions are specially allocated among the Partners in accordance with the same percentages set forth in §4.1 with respect to Profits and Losses.

(i) **Partner Nonrecourse Deductions.** Partner Nonrecourse Deductions are specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with §1.704-2(i) of the Regulations.

(j) **§754 Adjustment.** To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under §1.704-1(b)(2)(iv)(m) of the Regulations, then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the Regulations.

(k) **Imputed Interest.** To the extent the Partnership has taxable interest income with respect to any Capital Contribution pursuant to §483 or §§1271 through 1288 of the Code, then (i) such interest income will be specially allocated to the Partner to whom such Capital Contribution relates, and (ii) the amount of such interest income will be excluded from the Capital Contributions credited to such Partner’s Capital Account in connection with the payments of principal with respect to such Capital Contribution.

(l) **Curative Allocations.** The special allocations set forth in subparagraphs (d) through (i) of this §4.2 are intended to comply with the requirements of §1.704-1(b) of the Regulations. These special allocations may lead to results, which are inconsistent with the Partners’ intentions concerning their sharing in Partnership distributions. Accordingly, the General Partner is hereby authorized and directed to specially allocate other items of Partnership income, gain, loss, and deduction among the Partners so as to prevent the special allocations required under subparagraphs (d) through (i) of this §4.2 from distorting the Partners’ understanding of the manner in which Partnership distributions are to be made to the Partners upon the dissolution and termination of the Partnership. In general, it is anticipated that the special allocations, if any, made under this subparagraph (l) are made by specially allocating other items of Partnership income, gain, loss, and deduction among the Partners so that the sum of the special allocations made to each Partner pursuant to subparagraphs (d) through (i) of this §4.2 equals the sum of the special allocations made under this subparagraph (l).
(m) **Matching Income Allocation of Income or Gain from Sales and Refinancing Proceeds.** All items of Partnership income or gain arising from events resulting in Net Cash from Sales or Refinancings are allocated:

(i) first, as specified in §4.2(d) through (g), (j) and (l) and §4.4(c) of this Partnership Agreement;

(ii) second, if after the allocation of Profits and Losses for the fiscal year in which the gain arose, any Limited Partner has a negative Capital Account balance, 99.99% to the Limited Partner, 0.001% to the Special Limited Partner and 0.009% to the General Partner, until each Limited Partner’s negative Capital Account is equal to zero;

(iii) third, 99.99% to the Limited Partner, 0.001% to the Special Limited Partner and 0.009% to the General Partner, until each Limited Partner’s positive Capital Account balance equals any amount to be distributed to the Limited Partner pursuant to §§5.2(a)(i) and 5.2(a)(ii); and

(iv) fourth, to the Partners in accordance with the percentages specified in §5.2(b).

(n) **Grant Income.** Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner, except that this provision shall not apply to the extent that the Project will be financed with tax-exempt bond proceeds. In addition, if the General Partner is (i) a “tax-exempt entity” within the meaning of §168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of §168(h)(6)(F)(iii) of the Code and has not made the election under §168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this §4.2 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

(o) **Special Adjustment.** The special allocations in this §4.2(o) shall apply notwithstanding any provision of this Partnership Agreement to the contrary. Prior to making any special allocations set forth in this §4.2, items of expenses and other deductions (other than depreciation, amortization, cost recovery deductions and Nonrecourse Deductions) equal to the sum of the amount of any loans to the Partnership made by the General Partner or any of its Affiliates pursuant to or for the purposes described in §§3.7 and 6.4(f)(i), 6.4(f)(ii) and 6.4(f)(iii) are specially allocated to the General Partner in each tax year in which any such loan is made. Further, if any loans of the General Partner or its Affiliates are repaid by the Partnership from Cash Flow pursuant to §5.1(a), the General Partner shall be specially allocated an amount of gross income equal to the lesser of (i) the amount of such repayment, or (ii) the aggregate amount of expenses and deductions specifically allocated to the General Partner under this §4.2(o). If the General Partner is (i) a “tax-exempt entity” within the meaning of §168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of §168(h)(6)(F)(iii) of the Code and has
not made the election under §168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this §4.2 (o) shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

§4.3 Timing of Allocations. Except as otherwise expressly provided in this Partnership Agreement, all allocations of Profits, Losses, and Tax Credits are to be made as of the last day of each fiscal year of the Partnership.

§4.4 Other Allocation Rules. The following rules apply for the purpose of interpreting and applying the provisions of this Article 4 relating to the allocation of Profits, Losses, and Tax Credits among the Partners:

(a) Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner’s proportionate share of the “excess nonrecourse liabilities” of the Partnership within the meaning of §1.752-3(a)(3) of the Regulations, the Partners’ respective interests in Partnership Profits shall be those percentage interests set forth in §4.1 (determined without regard to §4.2).

(b) Effect of Cash Distributions. To the extent permitted by §1.704-2(h) and §1.704-2(i)(6) of the Regulations, the General Partner shall endeavor to treat distributions of Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Limited Partner.

(c) Recharacterization of Fee as Distribution. If any fee or portion thereof payable to any Partner or any Affiliate thereof is determined to be a nondeductible distribution from the Partnership to a Partner for federal income tax purposes, there will be allocated to such Partner an amount of gross income equal to such distribution.

§4.5 Tax Effect of Allocations. Except as otherwise required under the second paragraph of this §4.5, the allocation of Profits, Losses, and Tax Credits to any Partner under this Article 4 is deemed an allocation to that Partner of the same proportionate part of each separate item of Partnership taxable income, gain, loss, deduction, or credit comprising such Profits, Losses, and Tax Credits, including, without limitation, any “unrealized receivable” or “substantially appreciated inventory item” under §751 of the Code. The Partners are aware of the income tax consequences of the allocations made pursuant to this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their respective shares of Partnership income, gain, loss, deduction, and credit for income tax purposes.

Notwithstanding anything to the contrary contained in this Article 4, income, gain, loss, deduction, and credit with respect to any Partnership Property contributed to the capital of the Partnership by any Partner is, solely for tax purposes, allocated among the Partners so as to take into account any variation between the adjusted tax basis of such Partnership Property to the Partnership for federal income tax purposes and the value assigned to such Partnership Property for the purposes of the computation of the Partners’ Capital Accounts. If any revaluation of the Partnership Property
is made by the General Partner (which revaluation may only be made with the consent of the
Limited Partner) then any subsequent allocations of income, gain, loss, deduction, and credit with
respect to such Partnership Property will take into account any variation between the adjusted tax
basis of such Partnership Property for federal income tax purposes and the value assigned to such
Partnership Property as a result of such revaluation. All allocations required under this paragraph of
§4.5 are solely for purposes of federal, state, and local income taxes. These allocations do not affect
and must not in any way be taken into account in computing any Partner’s Capital Account or any
Partner’s share of Profits, Losses, Tax Credits or other items or distributions required or permitted to
be made pursuant to any provision of this Partnership Agreement. This §4.5 is intended to conform
to §704(c) of the Code.
ARTICLE 5: DISTRIBUTIONS

§5.1 Distribution of Cash Flow.

(a) Cash Flow shall be paid, prior to the making of any distributions pursuant to §5.1(b) hereof, in the following order and priority:

   (i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to §6.9 hereof;

   (ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

   (iii) Third, to the Developer to pay any unpaid balance on the Deferred Development Fee;

   (iv) Fourth, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

   (v) Fifth, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to §3.7;

   (vi) Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to §3.7;

   (vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to §6.4(f)(i), §6.4(f)(ii) or §6.4(f)(iii) and not yet repaid; and

   (viii) Eighth, ninety percent (90.0%) of the balance, if any, to the General Partner and the Special Limited Partner as an Incentive Partnership Management Fee, on a non-cumulative basis (to be allocated 88% to the Special Limited Partner and 12% to the General Partner).
(b) After making the payments described in §5.1(a) hereof, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.009%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.001%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.990%</td>
</tr>
<tr>
<td>Total</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

Notwithstanding any other provision of this §5.1 to the contrary for each fiscal year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such fiscal year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after repayment of the loans referred to in §5.1(a)(vii) with respect to such fiscal year.

§5.2 Net Cash from Sales and Refinancings. Except as otherwise provided in Article 11 of this Partnership Agreement (pertaining to the liquidation and dissolution of the Partnership), Net Cash from Sales and Refinancings shall be paid or distributed to the Partners as provided in this §5.2.

(a) Payments. Net Cash from Sales and Refinancings shall be paid in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount to which the Limited Partner is entitled to receive pursuant to §6.9;

(ii) Second, to the Limited Partner an amount equal to the amount of taxes which will be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state and local income tax rates in effect at such time for corporations;

(iii) Third, to the payment of current and accrued Asset Management Fees, if outstanding;

(iv) Fourth, to the Developer to pay any unpaid balance, if any, on the Deferred Development Fee;

(v) Fifth, to the Asset Manager the Disposition Fee;

(vi) Sixth, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to §3.7;
(vii) Seventh, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to §3.7; and

(viii) Eighth, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to §6.4(f)(i), §6.4(f)(ii) or §6.4(f)(iii), and not yet repaid.

(b) **Distributions.** After making the payments specified in §5.2(a) hereof, the balance of Net Cash from Sales and Refinancings, if any, shall be distributed 10% to the Limited Partner, 10% to the General Partner and 80% to the Special Limited Partner..

**§5.3 Timing of Distributions.** Distributions of Cash Flow shall be made annually within ninety (90) days after the end of each fiscal year of the Partnership. The determination of the amount of Cash Flow distributable annually to the Partners under this Article 5 shall be based upon the state of facts existing on the last day of each fiscal year of the Partnership.

**§5.4 Treatment of Distributions.** Distributions to a Partner of Cash Flow are considered draws against such Partner’s allocable share of the Partnership’s Profits and Losses.

**§5.5 Failure to Make Tax Elections.** Notwithstanding anything to the contrary in this Article 5, if the General Partner is required to make the election pursuant to §168(h)(6)(F)(ii) of the Code and the election to be taxed as a corporation for Federal income tax purposes prior to the end of the calendar year in which the Project achieves Placement in Service, but fails to properly do so, then the General Partner shall not be entitled to any distributions under this Article 5 (except for the payment of any Developer Fee or repayment of any General Partner loans) in excess of 0.01% of the Cash Flow.
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER

§6.1 Management of Partnership. The Partnership is managed by the General Partner, who exercises full and exclusive control over the affairs of the Partnership, subject, however, to the limitations on its authority set forth in this Partnership Agreement (including, without limitation, §§6.2 and 6.3). The General Partner is under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike, and lawful manner and will devote such part of its time to the affairs of the Partnership as is deemed necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Partnership Agreement. The General Partner shall use its best efforts and exercise good faith in all activities related to the business of the Partnership. The General Partner shall perform services in connection with the acquisition of the Project Property, including, if applicable, negotiating the purchase agreement with the seller of the Project Property, acting on behalf of the Partnership with federal, state and local authorities with respect to the Project Property, monitoring compliance with zoning, land use and other requirements with respect to the Project Property, and preparing or causing to be prepared such third-party studies as it deems necessary in connection with the acquisition of the Project Property.

§6.2 Restrictions on General Partner’s Authority. Notwithstanding anything to the contrary contained in this Partnership Agreement, the General Partner does not have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner:

(a) Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Construction Loan, Permanent Loan, and Subordinate Loan);

(b) Do any act making it impossible to carry on the ordinary business of the Partnership;

(c) Confess a judgment against the Partnership;

(d) Use Partnership Property or assign rights in specific Partnership Property for other than a Partnership purpose;

(e) Sell or otherwise transfer any interest in the Project Property or an material asset of the Partnership (other than leases of Residential Units or, where applicable, commercial space, in the ordinary course of the Partnership’s business, and a transfer pursuant to §9.6 below);

(f) Incur any debt or liability (or enter into any agreement resulting in any such debt or liability being incurred) on behalf of the Partnership (i) that is not in ordinary course of the Partnership’s business or (ii) any debt or liabilities in the ordinary course of the Partnership’s business, in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) other than the Construction Loan, the Permanent Loan and the Subordinate Loan.
Loan, and those liabilities (or agreements relating thereto) which have been disclosed to and approved in writing by the Limited Partner and the Special Limited Partner;

(g) Acquire any interest in real property or acquire any item of personal property on behalf of the Partnership having a purchase price of more than Ten Thousand and No/100 Dollars ($10,000.00), unless such acquisition is part of the development budget or annual operating budget that has been approved in writing by the Limited Partner;

(h) **Refinance, prepay, amend or modify any mortgage or long-term liability** of the Partnership, including, without limitation the Permanent Loan or the Subordinate Loan;

(i) Compromise any claim or liability in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) owed by or to the Partnership;

(j) Make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or the Regulations, including, without limitation, any election under §42 or §754 of the Code. In this regard, the General Partner shall make (and the Limited Partner consents thereto) any elections requested in writing by the Asset Manager;

(k) Change any accounting method or practice of the Partnership;

(l) Take any action that would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

(m) Intentionally omitted;

(n) Lease or otherwise operate any Tax Credit Unit in such a manner that such Tax Credit Unit would fail to be treated as a "low-income unit" under §42(i)(3) of the Code, or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under §42 of the Code;

(o) Except for the Construction Loan, Permanent Loan, and Subordinate Loan (including any regulatory agreements or declarations governing such loans), mortgage, pledge or encumber any interest in any Partnership Property, including, without limitation, the Project Property;

(p) Loan any money on behalf of the Partnership or guarantee on behalf of the Partnership the indebtedness of any other Person;

(q) **Change the nature of the business or purpose of the Partnership**;

(r) Hire or retain any Person to manage the Project Property or the Partnership's business other than the Property Management Agent. The Project's management agreement with Property Management Agent as the Project Property manager will contain the
provisions specified in this Agreement, including those specified under “Property Management Agent” in the Article 1 hereof,

(s) Take any action (or fail to take any action) causing or resulting in a breach of any of the representations, warranties or covenants of the General Partner set forth in this Partnership Agreement, including, without limitation, those set forth in §6.3;

(t) Admit any other person or entity as a Partner, except as specifically permitted herein;

(u) Except as permitted by §11.1 (pertaining to dissolution of the Partnership), take any action that may cause the dissolution of the Partnership;

(v) Perform any act subjecting any Limited Partner to liability as a general partner in any jurisdiction;

(w) Deposit any Partnership funds in any bank, savings and loan, or other financial institution whose accounts are not fully insured by the Federal Deposit Insurance Corporation;

(x) Commingle any Partnership funds with the funds of (1) any other partnership or limited liability company in which a General Partner is a partner or managing member, as the case may be, (2) a General Partner or any of its affiliates, or (3) any other entity;

(y) Execute or deliver any assignment for the benefit of creditors;

(z) Become or permit any Affiliate or any other Person related to the General Partner (within the meaning of Treasury Regulations §1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by the Loan Documents;

(aa) Modify or amend this Partnership Agreement except as authorized herein, or materially amend any fee agreement or the construction contract, or materially deviate from the Plans and Specifications for the construction of the Project from those provided to the Limited Partner prior to its admission to the Partnership;

(bb) After the Construction Completion Date, construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner) with a cost basis in excess of $25,000. If prior to the Construction Completion Date there are change orders for the approved Plans and Specifications for the Project Property, such change orders shall be permitted only with the consent of the Limited Partner, unless all of the following are satisfied: (A) an individual change is for an amount not in excess of $25,000 and, when combined with all prior change orders, does not cause the aggregate amount of change orders to exceed $150,000, (B) the change order does not cause a material diminishment in the construction materials or methods.
approved in the Plans and Specifications, and (C) when combined with all prior change orders, the change order will not extend by more than thirty (30) days the initial scheduled date for Construction Completion as specified in the Project documents;

(cc) Hire any person or persons as an employee of the Partnership; and

(dd) The Special Limited Partner shall, on a quarterly basis, submit to the Asset Manager, no later than five (5) business days after the beginning of each quarter, copies of the bank statements evidencing the amount of funds remaining in the Turtle Creek Broadway, L.L.C. bank account, until such time as no longer required pursuant to the Guaranty Agreement with Turtle Creek Broadway, L.L.C.

§6.3 Representations, Warranties and Covenants of the General Partner and the Special Limited Partner. As an inducement to the Limited Partner to enter into this Partnership Agreement, and in addition to the representations, warranties, and covenants set forth elsewhere in this Partnership Agreement, the General Partner and the Special Limited Partner, as applicable, hereby make the following representations, warranties, and covenants to and with the Limited Partner. All of the representations and warranties are deemed given as of the date hereof and as of every date thereafter throughout the term of the Partnership’s existence and may be relied upon by counsel to the Limited Partner in connection with the Limited Partner’s investment in the Partnership. With respect to the representations, warranties, and covenants by both the General Partner and the Special Limited Partner, each such Partner makes such representations, warranties, and covenants as to itself and not as to the other Partner. In addition, the General Partner and the Special Limited Partner, as applicable, hereby agree that all of the representations, warranties, and covenants made herein may be relied upon by the Limited Partner’s tax counsel in rendering its tax opinion to the Limited Partner.

Unless stated otherwise, the General Partner and the Special Limited Partner, as applicable, shall fully comply with and abide by all of these covenants at all times throughout the term of the Partnership’s existence.

(a) The Partnership has received an allocation or a reservation (and has or will timely comply with all requirements necessary to receive an allocation) of Tax Credits in an amount that will deliver no less than the Projected Tax Credits to the Limited Partner, and will timely comply with all requirements set forth in such Carryover Allocations and the QAP (to the extent applicable);

(b) At all times following the completion of the contemplated improvements to the Project Property, the General Partner shall operate the Project Property in order to qualify one hundred forty-five (145) of the Residential Units in the Project Property for the Tax Credit with one-hundred percent (100%) of the tenants thereof qualifying under the appropriate income and rent restrictions of §42 of the Code as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of §42 of the Code renders such qualification impracticable), and in all other respects shall comply with the provision of §42 of the Code;

(c) To the best of the General Partner’s and Special Limited Partner’s knowledge after due inquiry, and except as otherwise previously disclosed and certified in
writing to the Limited Partner, there are no actions, suits, or proceedings pending or threatened by any person or governmental authority against or affecting the Project Property, the General Partner, Special Limited Partner or any of their Affiliates that may have a material adverse effect on the Project Property or the Partnership or on the ability of the General Partner and Special Limited Partner to perform their obligations hereunder;

(d) The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability, or other charge other than costs incurred in connection with the acquisition and construction of the Project Property, operating expenses arising in the normal course of business, and those relating to the Construction Loan, Permanent Loan and Subordinate Loan;

(e) All current leases (if any) for the Residential Units in the Project Property are and all future leases will be for an initial term of at least six (6) months;

(f) The General Partner hereby represents and warrants as follows:

(i) To the best of its knowledge, after due inquiry and investigation, except to the extent, if any, disclosed in the environmental report(s) for the Project heretofore delivered to the Limited Partner:

(A) the Project does not contain any hazardous substance, including without limitation hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, petroleum, benzene, toluene, ethylbenzene or xylene (BTEX), MTBE, underground storage tanks, polychlorinated biphenyls (PCBs), or radon and the Project is not affected by the presence of oil, toxic substances, or other pollutants that could be a detriment to the Project;

(B) the Project is not in violation of any Environmental Law or any amendments of these acts or successor statutes, has occurred or is continuing; and

(C) the General Partner has no knowledge and has not received any notice from any source whatsoever of the actual or potential existence of any of the foregoing hazardous conditions or substances on the Project, or of a violation of any such federal, state, or local law or regulation with respect to the Project, and the General Partner shall throughout the term of the Partnership, notify the Limited Partner in writing of any notice it may receive that such a condition or violation exists or may exist.

(ii) If any such hazardous condition or the presence of any hazardous substance is disclosed in the aforesaid environmental report(s) for the Project and such condition or substance has not already been properly encased, encapsulated or otherwise corrected in a manner consistent with federal, state or local law:

-42-
(A) the Project budget includes an amount necessary for recommended removal, encapsulation, or other remediation of such condition or substance and

(B) the General Partner will verify that rehabilitation or construction of the Project has been or is being completed in accordance with the recommendations for removal, encapsulation, or remediation of such conditions or substances and will certify to such in writing to the Limited Partner, upon completion of the rehabilitation or construction.

(iii) The General Partner will deliver to the Limited Partner copies of all test results of materials or soils that are indicated in the environmental report(s) for the Project to be potentially hazardous or copies of any supplemental environmental report(s) that discuss the results of such tests.

(iv) The General Partner will take all actions within its control necessary to cause the Partnership to comply with and continue to comply with all ongoing or newly arising monitoring, maintenance, inspection, reporting, and remediation requirements of any applicable federal, state, or local environmental laws and regulations.

(v) If the Project has received project-based or tenant-based Section 8 rental subsidies, the Project operating budget shall include sufficient funds for the Project to comply with all applicable federal, state and local lead based paint laws and regulations.

(vi) Unless otherwise approved by the Limited Partner in writing, the aforesaid environmental report(s) are based on assessments of the Project that were performed or recertified not more than one hundred eighty (180) days prior to the date of execution of the Partnership Agreement by the Limited Partner.

(vii) The General Partner shall, to the extent any such recommendation is set forth in any of the environmental report(s) for the Project, (A) cause a qualified environmental consultant to prepare a lead and/or asbestos operations and maintenance plan for the Project Property, and (B) ensure that such plan is located in a readily accessible and appropriate area on the Project Property.

For purposes of the representations contained in this §6.3(f), substances known to be hazardous shall not include small amounts of chemicals, cleaning agents, or similar substances employed in routine household uses in a manner typical of occupants in other residential properties, or incidental cleaning supplies, provided that they are used at all times in strict compliance with all applicable laws and regulations and industry standards.
(g) The Partnership is a duly organized limited partnership, validly existing under the Act, and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner;

(h) No event has occurred that has caused and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an “association” taxable as a corporation, rather than as a partnership, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by such Limited Partner pursuant to §11.4 and any amount required to be repaid by such Limited Partner to the Partnership pursuant to §7.1 hereof and the Act;

(i) The Partnership owns the fee simple interest in the Project Property including the improvements in fee simple free and clear of all liens, charges, and encumbrances other than mortgages and other security instruments securing any of the Construction Loan, Permanent Loan or the Subordinate Loan and those liens, charges, and encumbrances expressly agreed to in writing by the Limited Partner and the General Partner and set forth in the owner’s title insurance policy for the Project;

(j) The Project Property conforms (or will timely conform) in all respects to all applicable laws, including, without limitation, all zoning, building, health, fire, and environmental rules and regulations and there are no laws, planning rules, regulations, ordinances, requirements, or environmental laws, regulations, or procedures applicable to the Project Property that would materially inhibit or materially adversely affect the operation of the Project Property as a low income housing development;

(k) The General Partner has caused and will cause the Partnership to maintain with financially sound insurers with an A. M. Best Co. rating of A- VI or better, as designated by A.M. Best & Company, all insurance coverage required by the Limited Partner, and if insurance is placed with a Risk Retention Group or a Captive, a fronting insurance company with an A. M. Best rating of A VIII or better is required;

(l) Neither of the Construction Loan, Permanent Loan, Subordinate Loan nor any other loan or agreement to which the Partnership is a party, nor the General Partner’s performance of its obligations thereunder or hereunder, violates or constitutes a default under any provision of law, order of court, indenture, or other instrument affecting the General Partner, the Partnership, or the Project Property or, except for the Construction Loan, Permanent Loan and Subordinate Loan, result in the creation or imposition of any lien, charge, or encumbrance on the Project Property;

(m) The General Partner and the Special Limited Partner have provided the Limited Partner with the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and
modifications to the Plans and Specifications, all available documents pertaining to the
Construction Loan, Permanent Loan, and Subordinate Loan and any other information
which is relevant to the construction and development of the Project Property;

(n) All material information concerning the Project Property known to the
General Partner and the Special Limited Partner or any of their Affiliates, or which should
have been known to any of them in the exercise of reasonable care, has been disclosed by
the General Partner and the Special Limited Partner to the Limited Partner and there are no
facts or information known to the General Partner and the Special Limited Partner or any of
their Affiliates, or which should have been known to any of them in the exercise of
reasonable care, which would make any of the facts or information submitted by the General
Partner and the Special Limited Partner to the Limited Partner with respect to the Project
Property inaccurate, incomplete, or misleading in any material respect;

(o) Neither the Partnership nor any Partner (nor any Affiliate of any Partner) has
or will have direct or indirect personal liability as maker, guarantor, partner, or otherwise
with respect to the payment of principal or interest or any other sum due under the
Permanent Loan or Subordinate Loan except as a consequence of certain bad acts such as
gross negligence and willful misconduct, which are carved-out in the non-recourse
provisions of such loans. The Construction Loan is recourse as to the Partnership and the
General Partner is a guarantor thereof. As of the date of this Partnership Agreement, there
are no outstanding loans or advances from the General Partner, the Special Limited
Partner nor any of their Affiliates to the Partnership and the Partnership has no
unsatisfied obligations to make any payments of any kind to the General Partner, Special
Limited Partner or any of their Affiliates;

(p) The execution and delivery of all instruments and the performance of all acts
heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership by
the General Partner and the Special Limited Partner have been or will be duly authorized by
all necessary corporate or other action and the consummation of any such transactions with
or on behalf of the Partnership will not constitute a breach or violation of, or a default under,
the certificate of formation or company agreement of the General Partner or articles of
incorporation or by-laws of the Special Limited Partner or any agreement by which the
General Partner or the Special Limited Partner or any of their properties are bound, nor
constitute a violation of any law, administrative regulations or court decree;

(q) Both the General Partner and the Special Limited Partner agree that no
Partner nor any Affiliate of a Partner shall be a lender to the Partnership unless, based upon
the advice of tax counsel or adviser satisfactory to the Limited Partner, such loan will not
likely adversely affect or cause a material re-allocation among the Partners of Tax Credits or
Profits and Losses;

(r) The General Partner has no knowledge of, and has not received any notices
with respect to, any violations by the Partnership or the Project of federal or state law or
municipal ordinances or orders or requirements of any governmental body or authority in

CHI 57,589,438v10
whose jurisdiction the Project Property is subject, and the General Partner shall furnish to the Limited Partner, immediately but no later than ten (10) business days of receipt thereof, a copy of any notice of default (or other notice of a failure to perform) under any of the Project Documents or Loan Documents given to the Partnership or the General Partner by any of the Lenders or any other party thereto;

(s) There is no default existing, pending or threatened under any provision of the Construction Loan, Permanent Loan, Subordinate Loan, the Project Documents or any other agreement to which the Partnership is a party and the General Partner shall take all requisite action to comply with the provisions of all such loans and agreements; and, if any such default is alleged, the General Partner shall notify the Limited Partner of such alleged default within five (5) days of any General Partner’s receipt of notification of the alleged default;

(t) Both the General Partner and the Special Limited Partner agree that all appropriate roadway and public utilities, including, without limitation, telephone, sewer, water, electricity and, if applicable, gas are available or will be available in sufficient volume to the Project Property, and all easements required in connection therewith have been obtained and filed of public record and the General Partner and Special Limited Partner shall use their best efforts to keep all such utilities operating in a manner sufficient to service the Project Property and the Residential Units contained therein;

(u) Both the General Partner and the Special Limited Partner agree that the construction of the Project Property will be completed in a timely and workmanlike manner by the Construction Completion Date and substantially in compliance with: (i) applicable requirements of the Construction Loan, Permanent Loan, any Subordinate Loan and the Project Documents; (ii) the Plans and Specifications; (iii) the Projections; (iv) the QAP (to the extent applicable); and (v) the requirements of all governmental agencies with jurisdiction over the Project Property and the development and construction thereof;

(v) Both the General Partner and the Special Limited Partner agree that all building permits, environmental permits or other clearances, easements and governmental permits, licenses, and approvals required in connection with the construction, development, ownership, operation, use, and occupancy of the Project Property and all Residential Units contained therein, have been or will be timely obtained and the General Partner and the Special Limited Partner shall take all actions necessary to maintain such approvals in full force and effect;

(w) No portion of the Project Property is treated as “tax-exempt use property” as defined in §168(h) of the Code;

(x) No General Partner or Special Limited Partner is under any commitment to any real estate broker, rental agent, finder, syndicator, or other intermediary with respect to the Project or any portion thereof, except for arrangements disclosed in writing to the Limited Partner prior to the date hereof;
(y) Unless the Projections indicate that the Project is treated as federally subsidized as defined in §42(i)(2) of the Code, none of the Project is financed with tax-exempt bond proceeds;

(z) (I) The General Partner (i) is a limited liability company duly organized, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner do not and will not result in any breach or violation of, or default under, any agreements by which the General Partner is bound, or under any applicable law, administrative regulation or court decree, and (II) The Special Limited Partner (i) is a corporation formed, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Special Limited Partner do not and will not result in any breach or violation of, or default under, any agreements by which the Special Limited Partner is bound, or under any applicable law, administrative regulation or court decree;

(aa) The General Partner and Special Limited Partner have previously provided a true, complete, and current copy of the Partnership's original limited partnership agreement, together with all amendments thereto, to the Limited Partner, which original limited partnership agreement and amendments reflect all agreements among the Partners of the Partnership prior to its amendment hereby;

(bb) The execution and delivery of this Partnership Agreement and each of the other documents and agreements described in or contemplated by this Partnership Agreement by the General Partner and Special Limited Partner, and the performance of the transactions contemplated herein and in each such other document have been duly authorized by all requisite corporate actions, and will not result in the breach of or default under any agreement, mortgage or other instrument to which any General Partner or Special Limited Partner is a party or by which any General Partner or Special Limited Partner is bound;

(cc) This Partnership Agreement is binding upon and enforceable against the General Partner and Special Limited Partner in accordance with its terms;

(dd) The General Partner will not allow its sole member to transfer its interest therein without the consent of the Limited Partner;

(ee) The General Partner shall not, and shall cause the Property Management Agent not to, (i) cause or permit any waste or damage to the Project Property (other than ordinary wear and tear), or (ii) allow any tenant to use a Residential Unit, or, if applicable,
commercial space, within the Project Property or any of the common areas in any manner which is unlawful, hazardous, unsanitary, noxious, or offensive or which unreasonably interferes with the use of the Project Property by the other tenants;

(ff) The General Partner shall maintain the Project Property in a decent, safe and sanitary condition;

(gg) The General Partner shall operate the Project Property in accordance with, and lease Residential Units within the Project Property in compliance with, the Regulatory Agreement and the QAP (to the extent applicable);

(hh) To the best of the General Partner’s and Special Limited Partner’s knowledge, the Projections attached hereto as Appendix I are accurate, and the financial assumptions upon which such Projections are based are true and correct in all material respects as of the date hereof;

(ii) The land on which the Project is located is, and will be at all times, properly zoned, and the General Partner and Special Limited Partner will not act or omit to act in a manner that would cause such proper zoning to be terminated;

(jj) The General Partner and Special Limited Partner have determined that neither the General Partner, Special Limited Partner, Sponsor nor any of the officers, directors, principals, employees or owners of the General Partner, Special Limited Partner or the Sponsor is on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury and located on the internet at http://www.treas.gov/offices/eotffcc;

(kk) The General Partner shall, and shall cause the Property Management Agent to, operate the Project in accordance with, and lease the Residential Units in compliance with, the provisions of all federal, state and local fair housing laws prohibiting discrimination in housing on the grounds of race, color, religion, sex, familial status, national origin, or handicap, including, without limitation, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, Title VI of the Civil Rights Act of 1964 (Public Law 88-353, 78 Stat. 241), §504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975;

(ll) The General Partner shall obtain from the Property Management Agent and maintain copies of the First Year Tenant Files in a secure location under its control in accordance with requirements of §42 of the Code;

(mm) Both the General Partner and the Special Limited Partner agree that all requirements under Code §42 will have been met at the time of the Project’s Placement in Service so that the Project may qualify for the Tax Credits;
(nn) Both the General Partner and the Special Limited Partner agree that if there are any building, multiple dwelling and/or other municipal violations filed or noted against the land on which the Project is located or the Project, including any unsafe building violation or lien as of the date hereof, such violation will be corrected upon completion of the construction substantially in accordance with the Plans and Specifications;

(oo) To the best of the General Partner’s and Special limited Partner’s knowledge after due and diligent inquiry, the General Partner, the Special Limited Partner, the Partnership, its Management Agent, the Project Property, and all the Loan Documents and Project Documents are in compliance with all applicable federal, regional, state and local laws, rules, regulations, statutes, decisions, orders, judgments, directives, decrees, codes guidelines or ordinances of any governmental or regulatory authority, court or arbitrator;

(jj) No event of bankruptcy has occurred with respect to the General Partner or the Special Limited Partner or any of their Affiliates;

(pp) Both the General Partner and the Special Limited Partner agree that the rents charged to the tenants of the Tax Credit Units will not exceed 30% of the applicable income limitation as determined under Code §42(g)(1);

(qq) The General Partner and Sponsor shall materially participate (within the meaning of §469(h) of the Code and the Regulations promulgated thereunder) in the development and operation of the Project Property. During the development of, and throughout the Compliance Period for the Project Property, Sponsor shall maintain its federal tax-exempt status and take such other actions as are necessary under §42(h)(5)(c) of the Code to qualify as a “qualified nonprofit organization.” The General Partner and the Sponsor acknowledge that the Limited Partner is relying on Sponsor’s participation and involvement to accomplish the development;

(rr) The General Partner shall cause the Partnership to enter into a Property Management Agreement with the Management Agent pursuant to the provisions set forth in §6.4(i) below and, if the Management Agent is an Affiliate of the General Partner, the General Partner shall ensure that such Property Management Agreement provides for the subordination of the Management Agent’s Fee to the payment of Operating Deficits until such time as funds are available to pay such fees; and

(ss) Both the General Partner and the Special Limited Partner agree that the Project complies with the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including, without limitation, the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted.
§6.4 **Specific Obligations of General Partner.** The General Partner shall, on behalf of and in the name of the Partnership and in addition to any obligations placed upon it elsewhere in this Partnership Agreement, have the following specific obligations:

(a) **Securities Law Matters.** The General Partner shall prepare and file all appropriate reports for the Partnership with the Securities and Exchange Commission and state securities administrators.

(b) **Limited Partnership Status.** The General Partner shall (1) file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and (2) take or cause the Partnership to take all reasonable steps deemed necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal and state income tax purposes.

(c) **Tax Matters Partner.** For the purposes of Subchapter C of Chapter 63 of the Code, the General Partner shall serve as the “Tax Matters Partner” of the Partnership and, as such, has all of the rights and obligations given to a Tax Matters Partner under said Subchapter. Notwithstanding anything to the contrary contained herein, the General Partner, in its capacity as the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or

(vi) Take any other action that would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners or otherwise have a material adverse effect on any tax matters affecting the Partnership and its Partners.
The General Partner shall keep the Limited Partner and the Special Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner and the Special Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

(d) **Governmental Filings.** The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

(e) **Bank Accounts.** The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership’s business. The Partnership’s funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account having a balance in excess of the maximum insured amount, or in such other investment vehicle as shall be approved in writing by the Limited Partner. If the Partnership incurs any loss due to any Partnership funds being deposited in FDIC insured accounts with balances in excess of the maximum insured amount, the General Partner and the Guarantor (pursuant to the Guaranty Agreement) shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

(f) **Guaranties.** The General Partner and the Special Limited Partner, joint and several, shall have the following guaranty obligations.

(i) **Development Completion Guaranty.**

(A) The General Partner hereby absolutely and unconditionally guaranties to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics’, materialmen’s, and similar liens, in accordance with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Construction Loan, Permanent Loan, Subordinate Loan and this Partnership Agreement, will be equipped with
all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections ("Development Completion Guaranty"). The obligations of the General Partner under the Development Completion Guaranty shall be unlimited and shall include, without limitation, the obligation to provide all funds required of the Partnership to complete construction by the Project Property and to repair any latent defects that occur within one year of completion of construction (to the extent not then available under the Construction Loan, Permanent Loan, Subordinate Loan or Capital Contributions), and further including, without limitation, funds needed for unanticipated or additional development or construction costs, on and off-site escrows, taxes, insurance premiums, interest, funding of Operating Deficits, reserves, escrows, legal expenses, and accounting expenses until the Project achieves Stabilized Occupancy. The repayment of any borrowings arranged by the General Partner to fund its obligations under this §6.4(f)(i)(A) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(i)(A) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to §5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner or any of its Affiliates, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(B) In the event that the General Partner fails to pay development costs as required under this §6.4(f)(i), an amount not in excess of the total of any remaining unpaid Limited Partner Capital Contribution installments will be applied by the Partnership to meet such obligations of the General Partner and any Guarantors. The General Partner and any Guarantors shall remain liable for all of their guaranty obligations including any portion funded from remaining unpaid Limited Partner Capital Contribution described in the prior sentence. Any direction and application of funds otherwise payable pursuant to §3.2 hereof constitutes reductions in amounts owed pursuant to §3.2, and the Limited Partner’s obligation to make such installment payments pursuant to §3.2.
(ii) **Operating Deficit Guaranty.**

(A) The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficit Guaranty Period ("Operating Deficit Guaranty").

(B) The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this §6.4(f)(ii)(B) shall be the sole obligation of the General Partner. Subject to §6.4(f)(ii)(C) below, funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(ii)(B) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to § 5.2 hereof.

(C) If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) **Permanent Loan Conversion Guaranty.** If, immediately prior to the conversion of the Construction Loan to the Permanent Loan, the Right-Sized Permanent Loan Amount is less than the Permanent Loan amount that is set forth in the Projections ("Permanent Loan Gap Amount"), then the General Partner shall be required to provide funds to the Partnership in an amount equal to the Permanent Loan Gap Amount. Funds provided by the General Partner to fulfill its obligations pursuant to this §6.4(f)(iii) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof or out of the proceeds of refinancing or sale pursuant to §5.2 hereof.

(iv) **Cumulative Guaranty Obligations.** The various guaranty obligations under this §6.4(f) are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

(g) **Required Reserves.**
(ii) Operating Reserve. The General Partner shall establish an operating reserve (the "Operating Reserve") to fund Operating Deficits incurred by the Partnership. The Operating Reserve shall be funded from NEFAC's Fourth Installment of Non-Developer Equity in the amount of Three Hundred Seventy Thousand One Hundred Fifty and No/100 Dollars ($370,150.00), held in a separate bank account (the "Operating Reserve Account"), controlled by the General (or a Project lender, if required by such lender), and maintained until the end of the Project's Compliance Period. Throughout the Compliance Period, the General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow in accordance with §5.1 hereof or from sales or refinancings (prior to the distribution of Net Cash from Sales and Refinancings). Withdrawals from the Operating Reserve Account will require the written approval of the General Partner and the Asset Manager (except in the event of an emergency that has an immediate impact on the safety of the residents or structural integrity of the Project and in cases where the Account is under the control of a Project lender in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Operating Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved by such non-responsive party. Upon depletion of all of the funds in the Operating Reserve Account, any continuing shortfalls shall be funded pursuant to the Operating Deficit Guaranty described above in §6.4(f)(ii).

Notwithstanding anything to the contrary in this §6.4(g)(ii), beginning in the eleventh (11th) year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to use up to twenty percent (20%) of any funds remaining in the Operating Reserve Account for each remaining year of the Compliance Period for the sole purpose of funding capital improvements and repairs to the Project, in accordance with §6.4(g)(iii) below; provided, however, that (A) the Operating Reserve Account on the first day of the eleventh (11th) year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.15 or better for the immediate prior 24 months (during which time there had been no draws upon the Operating Reserve Account), and (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio of 1.15 or better for the remaining term of the Compliance Period.
(iii) **Replacement Reserve.** The General Partner shall establish a replacement reserve (the "Replacement Reserve") to fund capital improvements and repairs to the Project. The Replacement Reserve shall be funded from the Limited Partner's Fourth Installment of Project Equity in the amount of One-Hundred and No/100 Dollars ($100.00), held in a separate bank account (the "Replacement Reserve Account"), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until throughout the Project's Compliance Period. The General Partner will also be required to fund the Replacement Reserve Account on a cumulative basis, annually, in an amount equal to the greater of $250 per unit per year (to be increased annually by 3.0%) or such amount as required by any Project lender, from Gross Cash Receipts prior to distribution of Cash Flow. Withdrawals from the Replacement Reserve Account in excess of Five Thousand and No/100 Dollars ($5,000.00) in the aggregate in any given month (unless such withdrawal was provided for in the approved Project budget) will require the written approval of the General Partner and the Asset Manager (except in cases where the Replacement Reserve Account is under the control of a Project lender, in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Replacement Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved. Any funds remaining in the Replacement Reserve Account at the end of the Project's Compliance Period shall, subject to any required Lender consent, be released from the Replacement Reserve Account and used by the Partnership to first pay the Limited Partner's exit taxes due upon sale or dissolution pursuant to §9.6 and §11.1 hereof. Any funds still remaining in the Replacement Reserve Account after the Limited Partner's exit taxes have been fully paid shall, subject to any required Lender consent, be distributed to the Partners in accordance with §5.2 hereof (in the case of a sale of the Project), or in accordance with §11.2 hereof (in the case of the dissolution of the Partnership). After the completion of the seventh (7th) year of the Project's Compliance Period, the Asset Manager shall have the right to require a physical assessment of the Project pursuant to which the amount required to be maintained in the Replacement Reserve Account may be increased at the reasonable discretion of the Asset Manager.

The above reserves shall be held in segregated interest bearing accounts (the Lease-up Reserve, if applicable, may be held in the same account as the Operating Reserve). Any failure to obtain any required approval of the Asset Manager or failure to provide the Asset Manager with proper notice shall constitute an Event of Default under
§10.6 below. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership.

(h) **Qualified Occupancy.** The General Partner shall cause the Project Property to achieve Qualified Occupancy on or before the Qualified Occupancy Date.

(i) **Property Management.** The General Partner, on behalf of the Partnership, shall enter into a Property Management Agreement with the Property Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and the Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Property Management Agent under the Property Management Agreement and shall perform all of the Partnership's obligations as owner thereunder, subject to the following terms and conditions:

(i) **Renewal or Successor Agreements.** Upon the termination of such Property Management Agreement or any subsequent Property Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially from the initial Property Management Agreement in Property Management Agent obligations and owner remedies, or in any other respect, with the same Property Management Agent or another Property Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) **Notice and Consultation.** If the General Partner wishes to enter into a new form of management agreement or retain the services of a different Property Management Agent, it shall give the Asset Manager and the Special Limited Partner at least thirty (30) business days' prior written notice of the proposed change, accompanied by a copy of any proposed new Property Management Agreement and a written description of the identity and qualifications of any proposed new Property Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) **Asset Manager Consent.** Under any circumstances, the General Partner shall not enter into a new management agreement materially different from the initial Property Management Agreement in any respect without the prior written consent of the Asset Manager as to the form and content of such new management agreement, nor shall the General Partner retain the services of a management agent other than a management agent previously approved by the Asset Manager without the prior written consent of the Asset Manager as to the identity and qualifications of such new management agent, provided such consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this provision, a management agreement shall be deemed to be materially different if
the agreement involves a change in the parties, services or fees to be provided to the management agent.

(iv) Termination of Non-Performing Property Management Agent. If the Property Management Agent fails to perform any of its obligations under the Property Management Agreement, whether general or specific obligations, in any material respect, including without limitation, failure to capably manage the Project as measured by sustained high Project vacancies, delinquent rents, or Operating Deficits (in each case beyond levels specified in the Projections), inadequate maintenance, or failure to qualify tenants under low-income housing tax credit requirements, or repeated failure to provide or unreasonable delay in providing accurate financial or operating reports to the General and the Limited Partner, the General Partner shall promptly comply with the terms of the Property Management Agreement regarding notice to the Management Agent and its opportunity to cure. The General Partner shall also simultaneously provide the Asset Manager and the Special Limited Partner with a copy of this notice and any documentation explaining why the Management Agent should not be terminated for cause. Upon expiration of the applicable cure period, and the failure of the Management Agent to cure its breach of the Property Management Agreement, the General Partner shall consult with the Asset Manager as to whether or not the Management Agent should be retained and, if so, under what terms and conditions. Unless within ten (10) business days of the delivery of this notice the Asset Manager consents in writing to the retention of the Managing Agent, the General Partner shall terminate the Management Agent for cause, in accordance with the terms of the Property Management Agreement. The General Partner shall also immediately enter into a new Property Management Agreement with a substitute Management Agent, subject to the prior written consent of the Asset Manager. For purposes of this §6.4(i)(iv), “cause” shall include, but not be limited to, any one of the following: (a) failure to promptly and competently perform (after any applicable notice and within the applicable cure period) all duties of the Management Agent under the Property Management Agreement with the Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax Credits in any calendar year, (c) failure to materially comply with the record keeping, tenant qualification and rental requirements of the Extended Use Agreement and §42 of the Code and the Regulations, rulings, and policies related thereto, (d) material mismanagement of the Project, or (e) if the Management Agent is an Affiliate of the General Partner, removal of the General Partner pursuant to §10.6 hereof.

(v) Removal of Non-Complying General Partner. If the General Partner fails to comply with any of the requirements of this §6.4(i), it may be removed for cause pursuant to §10.6 hereof.

All Property Management Agreements shall contain specific provisions requiring the Property Management Agent to rent to low-income tenants at the level required to

-57-
maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for tax credit purposes, to deliver certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for low-income housing tax credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by §6.4(i) hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Property Management Agent is the General Partner, the Special Limited Partner or their Affiliate, each management agreement shall provide that the management agent’s monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

(j) **Cooperation with Asset Manager.** The General Partner shall cooperate and shall cause the Property Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations.

(k) **Rental Program.** The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall (i) achieve Qualified Occupancy (as defined in Article I) within the time specified in the Projections; (ii) comply with the rent schedule set forth in the Projections; (iii) cause to be kept all records of rental and occupancy throughout the Compliance Period; (iv) cause the Property Management Agent to comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a low-income housing tax credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project; and (v) take such other actions required under §6.4 (i) below to claim all available tax benefits in connection therewith. The General Partner and the Property Management Agent shall comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a Tax Credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project.

(l) **Tax Benefits Requirements.** The General Partner acknowledges that it is of great importance that the Tax Credits and all other tax benefits contemplated in the Projections be achieved and maintained. Accordingly, the General Partner agrees as follows:

(i) **No Delays.** The General Partner shall not cause or suffer any delay in Placement in Service or Qualified Occupancy that would reduce such anticipated tax benefits.
(ii) **Record-Keeping.** The General Partner shall cause to be kept all records and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income levels of tenants, set-aside for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits and any other available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The General Partner shall elect the minimum low-income set-aside requirement specified in the Projections within twelve (12) months after Placement in Service or such other time period as may hereafter be required by the Code or Regulations thereunder for such Tax Credits; provided, however, that in the event it becomes reasonably certain that such set-aside either will not be met or will be exceeded, the General Partner shall promptly so notify the Partners in writing and shall proceed to elect such other minimum set-aside requirement as will best protect or enhance the projected tax benefits to the Partners under the circumstances.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, subject to the approval of the Limited Partner, to claim such Tax Credits for each building in the Project commencing with the earlier of the year in which Qualified Occupancy for such building is achieved or the year succeeding the year in which Placement in Service occurs. The General Partner shall develop and lease the Project within such time that the initial year during which such Tax Credit is elected to be claimed will be no later than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after Qualified Occupancy has occurred and annually thereafter, prior to the times such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(A) cause the Partnership's Property Management Agent to submit to the Partnership the certifications and all other applicable materials related to low-income leasing described in §6.4(k) hereof;

(B) check and verify the same against leases, certifications, and other appropriate back-up materials to the extent necessary or advisable to determine with reasonable assurance that the low-income leasing requirements have been met for Tax Credit purposes; and

(C) execute and deliver to the Limited Partner a certification, in form reasonably acceptable to the Limited Partner, stating that the General Partner has complied with the foregoing requirements and attaching copies of the managing agent’s certification and rent roll in a format reasonably acceptable to the Limited Partner.
The General Partner’s initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) **Cost Accounting.** As soon as feasible after Placement in Service has occurred, prior to the time such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(A) cause the Accountant to submit to the General Partner a letter, as required by the State Housing Finance Agency and in a form and content reasonably acceptable to the Limited Partner, certifying that the Accountant has examined the Partnership’s books and records for the Project and, subject to any changes in facts or applicable law, is prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(B) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant’s letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) **Tax Filings.** The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with §8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609.

(viii) **Compliance Certifications.** The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within ninety (90) days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the Compliance Period for such Tax Credit, or such other time periods as may hereafter be required by the Code or Regulations thereunder for such Tax Credit.

(ix) **Intentionally Omitted.**

(x) **Notice of Tax Benefits Reduction.** In the event at any time it becomes
apparent that the tax benefits projected in the Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.

(xii) **Consequences of Tax Benefits Reduction or Delay.** In the event there is a reduction or delay of tax benefits, then the provisions of §6.9 hereof relating to reduction in the amount of remaining installments of Limited Partner’s Capital Contributions and other consequences described therein shall govern where applicable.

(xii) **Extended Use Agreement.** The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to §42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under §42 of the Code.

(xiii) **Local Code Compliance.** The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to §42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the project architect or the project general contractor to certify upon completion of the Project that such building code and Environmental Law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner’s title insurance policy indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiv) **Carryover Allocation.** The General Partner shall obtain from the State Housing Finance Agency and shall deliver to the Limited Partner within 10 days after receipt the following:

(A) a Carryover Allocation accompanied by a tax opinion that is based on the Accountant’s Carryover Certification which states that the Partnership’s basis in the Project, as of the dated required under §42(h)(1)(E)(ii) of the Code, was greater than ten percent (10%) of the Partnership’s reasonably expected basis in the Project as of the end of the
second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded; or

(B) a reservation of Tax Credits, provided that:

(1) the General Partner shall deliver or cause to be delivered to the Limited Partner the Accountant's Carryover Certification thirty (30) days prior to the date specified by the State Housing Finance Agency for the required Accountant's Carryover Certification to be submitted to the State Housing Finance Agency; and

(2) the General Partner shall deliver a copy of the Carryover Allocation to the Limited Partner and the Special Limited Partner within thirty (30) days from the date that such Carryover Allocation is delivered to the Partnership.

(m) **Mold Inspections:** The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any material amount of mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten (10) business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

§6.5 **Fees for Services Rendered.** The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

(a) **Development Fee.** As provided in the Development Agreement and §3.2(b) hereof, the Partnership shall pay the Developer Fee to the Developer for the services and obligations described in the Development Agreement.

(b) **Intentionally Omitted.**

(c) **Asset Management Fee.** The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, tax credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.
(d) **Disposition Fee.** The Partnership shall pay the Asset Manager a Disposition Fee equal to $25,000 at the time of closing of the sale of the Project (out of the net sales proceeds) or the Limited Partner's interest in the Project.

(e) **Incentive Partnership Management Fee.** The Partnership shall pay an Incentive Partnership Management Fee, on an annual, non-cumulative basis, in the amount and priority specified in §5.1(a) hereof to compensate the General Partner for monitoring the activities of the Partnership, supervising the Management Agent, and reporting to the Asset Manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period.

(f) **Other Considerations.**

(i) The Development Agreement and any other agreement entered into by the Partnership and the General Partner, the Special Limited Partner, or any of their Affiliates thereof will specifically provide that such agreement shall be terminable, with respect to each of them, at the election of the Limited Partner if the General Partner or Special Limited Partner is removed pursuant to §10.6 hereof; provided, however, that any accrued or deferred fees payable to either Developer pursuant to the Development Agreement will be paid to that Developer through the date of such termination.

(ii) None of the payments or reimbursements to any of the Persons indicated above will be considered a distribution of Cash Flow to any Partner and, except as otherwise specifically provided herein, the General Partner may make any such reimbursement or payment prior to any distribution of any Cash Flow to the Partners.

Notwithstanding anything to the contrary herein, the sum of (A) the Incentive Partnership Management Fee, plus (B) any other incentive fees, plus (C) if the Management Agent is an Affiliate of the General Partner, the fee payable to the Management Agent pursuant to the Property Management Agreement, shall not exceed 12% of the gross income of the Partnership, adjusted for regional variations.

§6.6 **Outside Ventures of Partners.** Any Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

§6.7 **Dealing With Affiliates.** The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and
comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

§6.8 Indemnification of Partnership and Limited Partner, Limitation on Liability.

(a) The General Partner and Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the presence on or under the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

(b) In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses (including reasonable attorneys’ fees), damages, or liabilities incurred by the Limited Partner upon demand by the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification obligations of the General Partner and Special Limited Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership’s business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this §6.8(b) to the Limited Partner shall include each of the Limited Partner’s assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and Special Limited Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner and Special Limited Partner. The indemnification authorized by this §6.8(b) shall include, but not be limited to, the costs and expenses (including reasonable attorneys’ fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action. The parties hereto agree and acknowledge that the Limited Partner’s exercise of the rights and approvals reserved to the Limited Partner under this Partnership Agreement shall not constitute participation in the control of the Partnership’s business for purposes of this paragraph.
(c) The General Partner shall defend, indemnify, and hold harmless the Partnership, Limited Partner and Special Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees, arising directly or indirectly, in whole or in part, out of the General Partner’s gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the General Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner and/or Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner’s breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner’s deferral of the payment of its Capital Contribution pursuant to §3.2. The General Partner shall defend, indemnify and hold harmless the Limited Partner and Special Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and Special Limited Partner, has made a determination that such liability is the result of actions taken by the Limited Partner or Special Limited Partner or rights exercised by the Limited Partner or Special Limited Partner with respect to the operation of the Limited Partner or Special Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The General Partner’s obligations described in this §6.8 shall survive the termination and/or liquidation of the Partnership.

(d) The Special Limited Partner shall defend, indemnify, and hold harmless the Partnership, General Partner and Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees, arising directly or indirectly, in whole or in part, out of the Special Limited Partner’s gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the Special Limited Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, General Partner and/or the Limited Partner may pursue any other available legal or equitable remedy against the Special Limited Partner with respect to the Special Limited Partner’s breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Special Limited Partner’s deferral of the payment of its Capital Contribution pursuant to §3.2. The Special Limited Partner shall defend, indemnify and hold harmless the General Partner and Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and Special Limited Partner, has made a determination that such liability
is the result of actions taken by the General Partner or Limited Partner or rights exercised by the General Partner or Limited Partner with respect to the operation of the Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The Special Limited Partner’s obligations described in this §6.8 shall survive the termination and/or liquidation of the Partnership.

(e) Subject to the extent of any amount of insurance proceeds received by the Partnership in respect of any insurance policy insuring the acts of the General Partner in its role as a general partner, the General Partner shall not be liable, responsible or accountable in damages or otherwise to any to the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of authority granted to it by this Partnership Agreement and in the best interest of the Partnership; provided, however, such insurance proceeds are applied towards and in satisfaction of any liability or obligations to the Partners for which the insurance proceeds were paid, and such acts or omission was not attributable to any negligence, willful breach, misconduct, fraud or any breach of fiduciary duty on the part of the General Partner.

Notwithstanding anything to the contrary in this §6.8, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

§6.9 Credit Adjusters.

(a) Permanent Reduction in Tax Credit. If, as of the end of the first year of the Credit Period and based upon the Cost Certification prepared by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period (a “Permanent Credit Reduction”), then there will be a reduction (the “Permanent Credit Reduction Adjustment”) in the Limited Partner’s Capital Contribution in an amount equal to the product of (i) the Permanent Credit Reduction and (ii) $0.814. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (A) the actual Applicable Percentage being less than projected; (B) the actual Eligible Basis being less than projected; (C) the actual Qualified Basis as of the end of the first year of the Credit Period being less than the projected Qualified Basis; (D) the actual final allocation of Tax Credits as indicated on Form 8609 being less than the Projected Tax Credits; or (E) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner’s Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner and Special Limited Partner shall
immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment. In the event that any Capital Contribution installments are reduced or General Partner and Special Limited Partner payments are required to be made under this §6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the “Projected Tax Credits” and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Agreement.

(b) **Timing Difference in Tax Credits (Downward).** If, for the Projected First Tax Credit Year, any portion of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during such Projected First Tax Credit Year [and the Projected Second Tax Credit Year, but must be delayed and taken in a later year or years of the Compliance Period, then the Limited Partner shall be entitled to reduce its Capital Contribution by an amount equal to $0.61 times the amount by which the Projected Tax Credits for the Projected First Tax Credit Year (the “Timing Reduction”). This Timing Reduction is intended to compensate the Limited Partner for the reduced present value of such delayed Tax Credits. No adjustment shall be made under this §6.9(b) for any shortfall in Tax Credits for which an adjustment is already made pursuant to §6.9(a). “In the event that there are no remaining Limited Partner Capital Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing Reduction against the remaining Limited Partner Capital Contribution installments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Timing Reduction, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Timing Reduction.

(c) **Ongoing Credit Shortfall.** If, for any fiscal year after the Projected First Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are, on a cumulative basis, less than the Projected Tax Credits (as adjusted in any revised Projections prepared pursuant to §6.9(a) or (b)) for such fiscal year or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner’s Partnership Interest) all or any part of the Tax Credits claimed by it in any prior fiscal year of the Partnership (the “Credit Shortfall”), then, at the option of the Limited Partner, the Limited Partner’s Capital Contributions shall be reduced in chronological order in an
amount (the “Credit Reduction Payment”) equal to the sum of One Dollar ($1.00) times (i) the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections prepared in connection with §6.9(a) or (b)) for the fiscal year and all subsequent fiscal years, and (B) the Actual Tax Credits for such fiscal year and the Tax Credits projected by the Accountant as being available to the Limited Partner for all subsequent fiscal years, and (ii) the amount of the Tax Credits recaptured in such fiscal year, plus the amount of any interest or penalty payable by the Limited Partner as a result of the recapture. In the event there are no remaining Capital Contributions or the Credit Reduction Payment exceeds the amount of remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Credit Reduction Payment against the remaining Limited Partner Capital Contribution payments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be immediately distributed to the Limited Partner and shall neither constitute nor be limited by the distribution limits for Cash Flow, pursuant to §5.1, hereof, or for Net Cash from Sales and Refinancings, pursuant to §5.2, hereof.

(d) **Permanent Increase in Tax Credit.** If it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be greater than the Projected Tax Credits over the Credit Period (such difference being defined herein as the “Permanent Credit Increase”) and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Permanent Credit Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Permanent Credit Increase, and (ii) $0.61; provided, however, such increase will be limited to a one-time increase and will occur during the six (6) month period following the issuance of a final certificate of occupancy for all Residential Units.

(e) **Limitation on Upward Adjuster.** Notwithstanding anything to the contrary contained herein, in no event shall the increase in the Limited Partner’s Capital Contribution pursuant to §6.9(d) exceed, in the aggregate, five percent (5%) of the Limited Partner’s Capital Contribution as set forth in the Projections in effect on the date of this Partnership Agreement (i.e., no subsequent increases in the Limited Partner’s Capital Contribution shall be taken into account for purposes of calculating the five percent (5%) limitation).

(f) **Repurchase.** Notwithstanding anything contained herein to the contrary, in the event that (1) the Project Property does not generate any Tax Credits during calendar year 2011 for any reason whatsoever, (2) Construction Completion and Placement in Service of all buildings are not achieved, or in the reasonable judgment of the Limited Partner, based on all of the relevant facts and circumstances, will not be achieved on or before the Construction Completion Date (which in no event shall exceed the end of the second year after the year in which the Project receives a Tax Credit allocation pursuant to §42(h)(1)(E) of the Code or by the date required by any Lender or State Agency), (3) the Partnership fails to comply with any other requirements of §42 of the Code and such failure is not cured within any cure period provided by the State Housing Finance
Agency, including the minimum set-aside test and/or the rent restriction test before the end of the first year of the Credit Period, or any requirements set forth in the Regulatory Agreement, (4) Stabilized Occupancy does not occur by December 31, 2011, unless the General Partner and Special Limited Partner fund all Operating Deficits until Stabilized Occupancy occurs, (5) the Partnership’s basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a Carryover Allocation of Tax Credits, was not 10% of the Partnership’s reasonably expected basis in the Project Property, as required pursuant to §42(h)(1)(E) of the Code, (6) proceedings have been commenced, filed or initiated to foreclose the Construction Loan mortgage or permanently enjoin construction or rehabilitation of the Project and such proceedings have not been stayed or vacated within thirty (30) days of commencement, filing or initiation, (7) the General Partner and Special Limited Partner fail to make the post-closing document deliveries in a timely manner pursuant to §3.9 or commence construction as provided for in §3.9, (8) the General Partner and Special Limited Partner fail to timely deliver to the Limited Partner a Form 8609 for each building in the Project, (9) foreclosure proceedings have been commenced under any Project loans, (10) the General Partner, Special Limited Partner or Guarantor fails to provide or cause to be provided any funds required to be provided by such General Partner and Special Limited Partner hereunder or by such Guarantor under a Guaranty Agreement within thirty (30) days after written notice that continued failure to pay will result in exercise of rights under this section, (11) a default occurs under §10.6 hereof and is not cured within any applicable cure period, or (12) the Permanent Loan has not been fully funded on or before the Conversion Deadline (as defined in the Permanent Loan Documents), then, in any such event, upon the written notice of the Limited Partner, the General Partner and Special Limited Partner shall purchase the Limited Partner’s entire interest in the Partnership for an amount equal to (x) the sum of (A) all Capital Contributions actually made to the Partnership by the Limited Partner, plus (B) all expenses incurred by the Limited Partner in connection with entering into the Partnership (not including any funds reimbursed), minus (y) an amount equal to the purchase price paid by the Limited Partner for any Tax Credits already received by the Limited Partner, net of any amounts that the Limited Partner has paid or will have to pay as the result of any recapture of any portion of the Tax Credits that the Limited Partner has received, and (z) any amounts that have already been reimbursed to the Limited Partner by the Partnership and/or the General Partner and Special Limited Partner. Upon receipt of this amount, the Limited Partner’s interest as a limited partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner and Special Limited Partner or their designee(s), and the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

(g) **Failure to Pay; Remedies.** If the General Partner or Special Limited Partner fail to pay any amount payable pursuant to §6.9(a), (b) or (c) above, or the repurchase amount pursuant to §6.9(f), owing to the Limited Partner within ten (10) days after written demand by the Limited Partner (with a copy to the Special Limited Partner),
then, in addition to any other rights the Limited Partner may have, any sums payable to the General Partner or Special Limited Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or Special Limited Partner or their Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this §6.9 are fully repaid. For purposes of this Partnership Agreement, any sums distributed to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner or Special Limited Partner (or their Affiliates) and subsequently loaned by the General Partner or Special Limited Partner to the Partnership, followed by a distribution to the Limited Partner from the Partnership of such loan proceeds in satisfaction of the General Partner’s and Special Limited Partner’s obligations hereunder. Any such deemed loan by the General Partner or Special Limited Partner to the Partnership shall bear no interest and shall be reimbursable to the General Partner or Special Limited Partner out of Cash Flow in accordance with the priority set forth in §5.1(a) hereof, or out of the proceeds of refinancing or sale pursuant to §5.2(a) hereof. The rights and remedies granted to the Limited Partner by this §6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner and Special Limited Partner under this §6.9 are deemed to have arisen as a consequence of a transaction between the General Partner, Special Limited Partner and the Limited Partner other than in their capacities as Partners and the Capital Accounts or loans of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

(h) Survival The obligations of the General Partner, Special Limited Partner and their Affiliates prescribed or described in this §6.9 will survive the termination and/or liquidation of the Partnership.

(i) Joint and Several. Notwithstanding anything to the contrary in this §6.9, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

§6.10 Publicity and Promotional Events. The General Partner shall be obligated to notify the Asset Manager at least fifteen (15) days in advance of any (a) groundbreaking, (b) open house, (c) public relations event or other similar activities related to the Project. Representatives of the Limited Partner, the Special Limited Partner, the Asset Manager and any investors who have provided funds that have been invested in the Project by the Limited Partner shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs.

§6.11 Co-General Partners. If there is more than one General Partner, or if the General Partner is a joint venture or partnership in which there is more than one general partner, then all

-70-
general partners of the partnership or of such joint venture of partnership shall be jointly and severally liable to the Partnership, to the Limited Partner, and to its successors and assigns for all obligations of the General Partner, and for any damages that may arise from the acts or omissions of any of such general partners in their performance or breach of the guaranties, management, and all other obligations and the representations and warranties of the General Partner, whether now existing or hereafter created, under this Partnership Agreement as the same may from time to time be amended and under applicable law. Notwithstanding anything to the contrary herein, no General Partner shall be liable to the Partnership or to the Limited Partner for the fraud of any other General Partner.

§6.12 Representation of General Partner, Special Limited Partner and Limited Partner. The General Partner, Special Limited Partner and Limited Partner acknowledge and represent that the State Housing Finance Agency (the "Commission") (i) has neither underwritten the Project nor (ii) certified that any of the buildings will actually meet the requirements necessary to qualify for the Tax Credit, (iii) the Commission has not performed any independent investigation as to the qualification of the buildings in the Project for the Tax Credit and will not perform such investigation or otherwise monitor the buildings or eligibility for the Tax Credit in the future except as required by law, (iv) the Commission makes no representation concerning the applicability of the Tax Credit to the buildings in the Project or the ability of any owner or investor in the Project to utilize such Tax Credit, (v) the Commission has not performed any review nor makes any representations of the commercial viability of the Project, (vi) the Partnership is not the agent of the State Housing Finance Agency and has no authority to act on behalf of, or bind the State Housing Finance Agency, including its officers, employees and representatives, (vii) the State Housing Finance Agency bears no liability to any owner, investor, tenant, lender, or any other person or entity for any claim arising out of the Project or the Tax Credit program, and (viii) the Partnership has consulted with its tax counsel to determine whether the Project qualifies for Tax Credits; whether the General Partner, Special Limited Partner and Limited Partner may utilize the Tax Credit, if any; and the commercial viability of the Project.

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNERS

§7.1 Limitation of Liability. Except as otherwise required under the Act (relating to a limited partner's liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner and the Special Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such limited partner's agreed-upon Capital Contribution.

§7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, neither the Limited Partner nor the Special Limited Partner shall participate in the operation, management, or control of the Partnership's business, transact any business in the Partnership's name, or have any power to sign documents for or otherwise bind the Partnership.
§8.1 Books of Account. The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. All decisions as to the fiscal year and accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project's Compliance Period or as long as is required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least six (6) years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Property Management Agent to cooperate fully and in good faith, with the Asset Manager, the Special Limited Partner and the Limited Partner with respect to their monitoring of the Partnership's operation of the Project Property, including the review of and compliance with Tax Credit related laws and regulations.

§8.2 Management Reports. The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within twenty (20) days (unless otherwise stated below) after such report is filed with any such governmental agency, a Lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager and the Special Limited Partner the following reports:

(a) Monthly Development Reports. During the Project development period and through completion of lease-up of the Project, within ten (10) days after the end of each month, the General Partner shall provide a monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner or the Special Limited Partner may reasonably request.
(b) **Quarterly Management Reports.** Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than fifteen (15) days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager or the Special Limited Partner may request.

(c) **Annual Budget.** Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner and Special Limited Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis prepared by the General Partner and Special Limited Partner in a form satisfactory to the Asset Manager of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner and Special Limited Partner.

(ii) The Asset Manager shall submit to the General Partner and Special Limited Partner, in writing, any comments on the proposed budget within thirty (30) days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner and Special Limited Partner shall have fifteen (15) days to submit a response, in writing, to the Asset Manager’s comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner’s and Special Limited Partner’s comments within fifteen (15) days after receipt of same, the General Partner and Special Limited Partner shall submit a revised proposed
budget within fifteen (15) days after receipt of the Asset Manager’s comments, responding to same.

(d) **Other Information.** Upon request from time to time, the General Partner and Special Limited Partner shall provide such information and reports as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

(e) **Annual Certification of Compliance.** The General Partner and the Special Limited Partner shall deliver to the Asset Manager, within five (5) days after submission, a copy of the Project’s annual certification of compliance that was submitted to the State Housing Finance Agency.

§8.3 **General Disclosure.**

(a) The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events or receipt of the following information as quickly as possible but no later than five (5) days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Project’s hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency with respect to the Partnership or the Project, together with a copy of any such notice;

(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (A) the extent of the damage to the Project, (B) any expected delays in construction or rehabilitation, (C) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (D) the amount that is anticipated to be recoverable under available insurance policies.
(b) The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events with ten (10) days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserves was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

§8.4 Tax Information.

(a) Tax Credit Eligible Basis. Within forty-five (45) days after substantial completion of the Project's construction, a Tax Credit Eligible Basis worksheet for each building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

(b) Financial Reports.

(i) The General Partner shall, within fifteen (15) days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited financial statements for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, on or before February 28th of the following calendar year (the "Submission Date"), a written report prepared by the Accountant, which shall include a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements certified by the Accountant (the "Report"). The Report's audited financial statement shall include the following: a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial summary which reconciles and summarizes the financial statements and bank statements as of the end of such year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners' capital; the status, amount, and timing of the projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or the Accountant to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes. If the General Partner fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date, the General Partner shall be assessed a penalty of $100 per day pursuant to §8.6 below; provided, however, no penalty shall be imposed if the General Partner submits both (A) an "unaudited" financial statement by the Submission Date; and (B) the audited financial statement by April 15th of the same
calendar year. Without limiting the right of the Limited Partner under §8.6(c) below, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if the Accountant fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date.

(ii) In addition to the requirements set forth in §8.4(b)(i) above, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, on or before December 31st of the year the Project achieves Placement in Service, an “interim” audited financial statement, which shall reflect the financial status of the Project as of September 30th of that year.

(iii) The General Partner shall submit or cause to be submitted to the Asset Manager within (A) fifteen (15) days after each calendar quarter, unaudited financial statements for the Guarantors; and (B) forty-five (45) days after each calendar year, unaudited financial statements for the Guarantors, until such time as all of the General Partner Obligations (as defined in the Guaranty Agreement) have been fully performed or paid.

(c) **Tax Returns.** With respect to each taxable year of the Partnership, the General Partner shall (i) deliver to the Asset Manager and the Special Limited Partner, for review and approval, within thirty (30) days after each taxable year ends, drafts of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules, materials required in connection therewith (the “Tax Return Documents”), and (ii) cause to be prepared and filed with the appropriate agencies within sixty (60) days after each taxable year ends, the Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. In addition, the General Partner shall comply with all requirements of §6.3(b) hereof with respect to anticipated Tax Credits and other tax benefits.

(d) **Estimated Tax Credits.** Prior to October 15th of each year, the General Partner shall send to the Asset Manager and the Special Limited Partner an estimate of the Limited Partner’s and the Special Limited Partner’s share of Tax Credits by each building of the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal income tax purposes in a form specified by the Limited Partners. The General Partner and the Accountant shall prepare this estimate.

§8.5 **Review of Compliance.**

(a) The General Partner shall, seventy-five (75) days after the end of each fiscal year of the Partnership, certify to the Asset Manager and the Special Limited Partner in the same scope and manner that it is required to certify, if requested, to the applicable State Housing Finance Agency, that the Partnership is in compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within
the meaning of §42(h) of the Code. Upon initial lease-up of the Project and thereafter no more frequently than annually, the Limited Partner may, at the Partnership’s expense, conduct or cause to be conducted an audit or review (which may include an on-site inspection of the Project) of the Partnership’s compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of §42(h) of the Code. This audit or review will be conducted not less than thirty (30) nor more than ninety (90) days following a written request by the Limited Partner for such audit or review. The General Partner shall cooperate with any such audit by making appropriate personnel of the General Partner and the Property Management Agent and all books and records (including, without limitation, copies of initial tenant files, any IRS Forms 8823 issued to the Partnership, and other applicable related documents and reports) of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

(b) The General Partner shall, within thirty (30) days following achievement of Qualified Occupancy, deliver to the Asset Manager and the Special Limited Partner one or more discs containing scanned copies of the First Year Tenant Files.

(c) The General Partner shall provide access to the Project at all reasonable times and upon reasonable advance notice and shall extend full cooperation to the Asset Manager or the Special Limited Partner in connection with such physical inspections of the Project and any records as the Asset Manager or the Special Limited Partner may wish to conduct in order to monitor the General Partner’s performance of its obligations under this Partnership Agreement.

§8.6 Failure to Provide Information.

(a) Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a $100 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (i) waived by the Limited Partner, or (ii) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner.

(b) If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to §5.1 or §5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

(c) Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if any of the above applicable reporting
requirements are not met. The failure on the part of the General Partner to remove the Accountant and replace it with an accounting firm that is acceptable to the Limited Partner within thirty (30) days of a written request to do so from the Limited Partner shall be an Event of Default under §10.6(a) hereof.

(d) If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner and the Special Limited Partner under Article 8, such delay shall constitute an Event of Default under §10.6(a) hereof.
ARTICLE 9: TRANSFER OF LIMITED PARTNER’S PARTNERSHIP INTERESTS

§9.1 Voluntary Transfers.

(a) A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interest, so long as such Voluntary Transfer complies with the following conditions: (i) the General Partner has received a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of and agreement to be bound by all of the terms and conditions of this Partnership Agreement; (ii) all requirements of applicable state and federal securities laws have been complied with; (iii) such Voluntary Transfer will not result in the Partnership’s loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interest; (iv) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; and (v) the General Partner has received evidence of any applicable consents required for such transfer. Upon compliance with all of the conditions of this §9.1, such Voluntary Transfer of a Limited Partner’s Partnership Interest binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interest. If any transfer of a Limited Partner’s Partnership Interest, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

(b) The Limited Partner intends to either (i) hold only bare legal title to its Partnership Interest and will ultimately transfer beneficial interests in its Partnership Interest to one or more Persons, or (ii) ultimately transfer its Partnership Interest to an investment fund managed by an Affiliate of the Limited Partner, and in either case, the Limited Partner or such Persons or investment fund may also transfer such beneficial interests or Partnership Interest, or, as security for debt, assign or pledge all or portions of such Partnership Interest. Notwithstanding the provisions of §9.1(a), the General Partner hereby acknowledges and consents to any such transfers, assignments or pledges, and agrees that, upon any such transfer or any foreclosure or other enforcement under any such assignment or pledge, it will recognize the assignee of the (X) beneficial interests as the owner of such beneficial interests in the Partnership Interest, or (Y) Partnership Interest as the Substituted Limited Partner.

(c) The Limited Partner or its transferee shall reimburse the Partnership for any reasonable costs actually incurred by the Partnership as a result of a transfer pursuant to this §9.1.
§9.2 **General Partner's Consent to Substitution as a Limited Partner.**

(a) In addition to the requirements set forth in §9.1(a), an Assignee of a Limited Partner’s Partnership Interest, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld and is hereby granted for the transfers, assignments and pledges described in §9.1(b); provided that no such consent shall be required for the substitution of an Assignee that is an Affiliate of the Limited Partner. The General Partner shall duly file for record any required amendment to the Certificate of Formation reflecting such substitution in such public offices as shall be required under the Act. The effective date of the substitution of the Assignee as a Substituted Limited Partner shall be the date on which the General Partner provides its consent if required or the date of the assignment to such Affiliated Assignee, as the case may be.

(b) If the General Partner’s consent is required but the General Partner does not consent to the substitution of an Assignee of a Limited Partner’s Partnership Interest, then the transferor Limited Partner retains all the rights of a transferor of a limited partnership interest under the Act and, except as otherwise provided in §9.4, the Assignee shall not be treated as owning any interest in the Partnership. In particular, an Assignee of a Limited Partner’s Partnership Interest, other than an assignee of a beneficial interest, who is not admitted as a Substituted Limited Partner under this §9.2 shall not be entitled to: (i) require any accounting of the Partnership’s transactions; (ii) inspect the Partnership’s books and records; (iii) require any information from the Partnership; or (iv) exercise any privilege or right of a Limited Partner that is not specifically granted to a nonsubstituted transferee of a limited partnership interest under the Act.

§9.3 **Involuntary Transfers.** The Involuntary Transfer of all or any part of any Limited Partner’s Partnership Interest will not cause the dissolution and termination of the Partnership, but rather the business of the Partnership is continued without interruption in accordance with the provisions of this §9.3. Upon an Involuntary Transfer of all or any part of any Limited Partner’s Partnership Interest, such Limited Partner’s successor or legal representative shall automatically be deemed to be a Substituted Limited Partner.

§9.4 **Distributions and Allocations with Respect to Transferred Partnership Interests.** If any transfer (whether a Voluntary or Involuntary Transfer) of the Limited Partner’s Partnership Interest is recognized by the Partnership under this Article 9, then all allocations of Profits and Losses attributable to the transferred Partnership Interest shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the General Partner which is then permitted under §706 of the Code and the Regulations promulgated thereunder. All distributions of Cash Flow made prior to the effective date of any such transfer shall be made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee.
§9.5 Disposition of Project. Subject to the restrictions set forth below, the General Partner may cause the sale of all or any portion of the assets or business of the Partnership for their fair market value upon such terms as it shall determine in the exercise of reasonable discretion and prudent business judgment. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in §5.2 or §11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this §9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with §5.2 or §11.2 hereof, as applicable. Except as specifically provided below, the General Partner shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing:

The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last twelve (12) months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner and the Special Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in §9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. If such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, however, the General Partner shall, commencing upon expiration of Purchase Option and Right of First Refusal begin advertising the Project for sale and entertaining third-party purchase offers, as described above. Notwithstanding the foregoing, any disposition of the Project shall be conducted in accordance with the Extended Use Agreement and the rules of the State Housing Finance Agency.

§9.6 Purchase Option and Right of First Refusal. The provisions of §9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and Grantee, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to Grantee an option to purchase the Project or the Limited Partner’s Partnership Interest and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner remains in good standing as General Partner without the occurrence of any event described in §10.6 hereof.

§9.7 CUSA. Notwithstanding the foregoing provisions of this Article or any other provision of this Agreement:
(a) The General Partner acknowledges and consents to (i) the Limited Partner’s pledge and collateral assignment of its Partnership Interest (the “LP Pledge”) to Citicorp USA, Inc., as agent (together with its successors and/or assigns in such capacity, “CUSA”);

(b) CUSA shall have the rights of a secured party to retain, sell or transfer the Partnership Interest so pledged in accordance with the LP Pledge, including, without limitation, the right to transfer or assign its rights hereunder and under the LP Pledge without the consent of the Partnership, any Partner or any other Person, subject only to §9.7(f);

(c) Upon the enforcement of the LP Pledge and the foreclosure upon the Partnership Interest pledged thereunder, CUSA (or its nominee or transferee) shall be immediately, automatically and unconditionally admitted as a Substituted Limited Partner, subject only to §9.7(f);

(d) Neither the Partnership nor any Partner shall cause the Partnership Interest to be or become, a “security”, “investment property” or held in a “securities account” (within the meaning of Articles 8 and 9 of the Uniform Commercial Code of the State (the “UCC”)) and the Partnership Interest will be, and will remain, “general intangibles” within the meaning of Article 9 of the UCC, and any action by the Partnership or any Partner to cause any of the Partnership Interest to be deemed to be or to be treated other than as general intangibles within the meanings of Article 9 of the UCC shall be void and of no effect;

(e) the Partnership and the Partners agree (i) to notify CUSA in writing (at One Court Square, 45th Floor, Zone 12, Long Island City, New York, 11120, Attention: Maria McKeon, Director, Tel.: 718-248-4760, Fax: 718-248-4991, or at such other address as CUSA may from time to time designate) of any default by the Limited Partner of any of its obligations hereunder, (ii) to refrain from exercising any rights or remedies as a result of such default (whether hereunder or otherwise at law or in equity) until CUSA has received such notice and has been given 60 days to cure such default, and (iii) that CUSA can cure such default by paying only those portions of the Limited Partner’s Capital Contribution for which the conditions to payment set forth in §§3.2(a), 3.2(b) and 3.2(c) have then been satisfied;

(f) CUSA’s rights hereunder are subject to compliance with all HUD requirements regarding transfer of physical assets and submission and approval of a HUD Prior Participation Certificate, and/or obtaining the State Housing Finance Agency’s written consent if required; and

(g) So long as the Limited Partner’s Partnership Interest continues to be “Pledged Collateral” under the LP Pledge, any amendment to (i) this section, (ii) any other provision herein which would materially affect CUSA’s rights and priorities under the LP Pledge, or (iii) the identity of the Asset Manager, the Asset Management Fee, the
Disposition Fee or any other fee payable to the Asset Manager, or the terms of payment thereof, shall require the prior written consent of CUSA.

(h) CUSA is an intended third party beneficiary of this §9.7.

ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP INTERESTS

§10.1 Voluntary Transfers.

(a) The Partnership shall not recognize any Voluntary Transfer of a General Partner’s Partnership Interest and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (i) the proposed transfer is of all the Partnership Interest owned by such General Partner; (ii) the Limited Partner and the Special Limited Partner have each received a copy of a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (iii) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (iv) such Voluntary Transfer will not result in the termination of the Partnership for federal income tax purposes; (v) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; (vi) the Partnership receives an opinion of legal counsel to the effect of clause (v); and (vii) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

(b) Upon compliance with this §10.1, such transfer of a General Partner’s Partnership Interest shall bind the Partnership and all the Limited Partners and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this §10.1, the transferee of a General Partner’s Partnership Interest shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

§10.2 Involuntary Transfers. An Involuntary Transfer of a General Partner’s Partnership Interest at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within thirty (30) days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership’s affairs and business wound up and terminated pursuant to Article 11. An Involuntary Transfer of a General Partner’s Partnership Interest when
there is no other General Partner in existence shall dissolve the Partnership and the Partnership’s affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of §10.3.

§10.3 Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner’s Partnership Interest, the Partnership will dissolve and the affairs and business of the Partnership will be wound up and terminated under Article 11, unless within ninety (90) days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities, that are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership’s existence set forth in this Partnership Agreement; and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) $100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

§10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner’s Partnership Interest is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interest are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under §706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this §10.4.

§10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership without the prior written consent of the Limited Partner.

§10.6 Removal of General Partner and/or Special Limited Partner. The Limited Partner may remove the General Partner and/or the Special Limited Partner, for any of the following Events of Default in this §10.6(a), as applicable; provided, however, either Partner may be removed only as to its own default and not as to the default of the other Partner. Notwithstanding anything to the contrary in the immediately preceding sentence, if there is an Event of Default under §10.6(a)(xiv) below with respect to the Guaranty Agreement between Guarantor Group A and the Limited Partner and the Guaranty Agreement between Guarantor Group C and the Limited Partner, both the General Partner and the Special Limited may be removed by the Limited Partner pursuant to this §10.6, unless either the General Partner or the Special Limited Partner cures such default of Guarantor Group A and Guarantor Group C within thirty (30) days after notice of such default.
(a) **Events of Default.**

   (i) Any fraud, gross negligence, malfeasance or intentional misconduct of the General Partners or Special Limited Partner; or

   (ii) Any act by the General Partner or Special Limited Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner or Special Limited Partner of any fiduciary duty to the Partnership or the Limited Partner; or

   (iii) The breach of any representation or warranty of the General Partner or Special Limited Partner contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof that has a material adverse effect on the Partnership or the Project; or

   (iv) The breach by the General Partner or Special Limited Partner of any covenant of the General Partner or Special Limited Partner contained in this Partnership Agreement, including without limitation those contained in §6.3 hereof that has a material adverse effect on the Partnership or the Project; or

   (v) Any action or inaction by the Partnership, General Partner or Special Limited Partner or any Affiliate of the General Partner or Special Limited Partner that does, or with the passage of time would, (A) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (B) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (C) violate any federal or state securities laws (as they relate to the Partnership or the Partnership Interest), (D) cause the Partnership to fail to qualify as a limited partnership under the Act, (E) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (F) qualify as an event of removal or withdrawal with respect to the General Partner or Special Limited Partner under the Act, or (G) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner and otherwise is not cured by payments made pursuant to §6.9 hereof or consented to by the Limited Partner; or

   (vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such cost overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not materially adversely affect the Projections or financial viability of the Project or the Partnership; or

   (vii) A material default occurs under the Construction Loan, Permanent Loan, Subordinate Loan, or any Project Documents and such default is not cured or waived by the Lender within thirty (30) days after the occurrence of such default, or if such default takes more than thirty (30) days to cure, the General Partner or
Special Limited Partner has failed to commence diligent efforts to effect a cure within such thirty (30) day period and diligently pursue such remedies until the default is fully cured; or

(viii) The Project or the Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership, the Project, or the Limited Partner; or

(ix) Any Lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor’s action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor’s action by or against the Partnership and any such action is not dismissed within sixty (60) days; or

(x) The Partnership fails to achieve 80% of Projected Tax Credits with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Property Management Agent if at any time cause (as such term is defined in §6.4(i)(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner in accordance with the requirements of §8.6(c) hereof; or

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner or Special Limited Partner pursuant to §§6.4(f)(i), 6.4(f)(ii), §6.4(f)(iii), and §6.9 is not timely made by or on behalf of the General Partner or Special Limited Partner or any guarantor of such obligation; or

(xiv) The occurrence of a breach of any obligation, representation, warranty or covenant of any of the Guarantors under the Guaranty Agreement; or

(xv) A General Partner or Special Limited Partner permits an owner thereof to transfer a controlling interest in such entity without the consent of the Limited Partner as required in §6.3(dd) of this Partnership Agreement; or

(xvi) Repeated failure to provide in a timely manner any reports or information required to be submitted to the Limited Partner, the Special Limited Partner or the Asset Manager under Article 8, hereof; or

(xvii) The commencement by a General Partner or Special Limited Partner or a Guarantor of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

-86-
(xviii) The failure of the General Partner or Special Limited Partner to obtain the dismissal of any case commenced against a General Partner or Special Limited Partner (i) for the appointment of a trustee for such General Partner or Special Limited Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors;

(xix) During the Compliance Period, the General Partner has operated the Project in a manner such as that 20% or more of the Tax Credit Units fail to qualify for the Tax Credits; or

(xx) The use by the General Partner of any funds in any of the reserves described in §6.4(g) above for purposes other than permitted therein.

(b) Effectiveness. Prior to removing and replacing the General Partner or Special Limited Partner for an Event of Default, the Limited Partner shall give the General Partner or Special Limited Partner reasonable prior written notice setting forth in detail the Event of Default(s) providing the basis for such possible removal and a reasonable opportunity to cure such default(s); provided, however, that no opportunity to cure such default(s) shall be given where the extent or nature of the default is such that there is a likelihood of material loss, liability, or prejudice to the Partnership or the Limited Partner, or both, from any delay in removal and replacement. If the grounds for removal justify an immediate removal under the preceding sentence, such removal shall be effective upon the delivery of a notice thereof to the specified address in accordance with §12.1 hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner or Special Limited Partner to cure the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision by the Limited Partner, in its sole and reasonable discretion, to remove the General Partner or Special Limited Partner, and

(iii) the Limited Partner provides the General Partner or Special Limited Partner with written notice of its removal as General Partner or Special Limited Partner, with a copy to the Special Limited Partner which notice shall specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner or Special Limited Partner shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities (including, without limitation, its obligations to make any payments pursuant to §§6.4(f)(i), 6.4(f)(ii), §6.4(f)(iii), and 6.9 of this Partnership Agreement and liabilities resulting from any breach of any of the representations and warranties set forth in §6.3 of this Partnership Agreement) incurred by it as a General Partner or Special Limited Partner before the effective date of such removal but is free of
any obligations and liabilities incurred on account of Partnership activities from and after the time of such removal and (ii) all damages and other amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the Limited Partner or Special Limited Partner as a result of the occurrence of the event giving rise to such removal.
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

§11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

(a) The expiration of the term of the Partnership’s existence;

(b) The sale or other disposition of all or substantially all of the Partnership Property and the Partnership’s receipt of all or substantially all of the proceeds therefrom;

(c) The Partners’ mutual election to dissolve the Partnership;

(d) The Limited Partner’s election to dissolve the Partnership made at any time that is more than three years after the end of the Compliance Period;

(e) The failure of the Limited Partner to agree in writing at the time and in the manner provided in §10.3 hereof to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner’s Partnership Interest or the removal of the General Partner; or

(f) The Limited Partner’s election pursuant to §10.2 hereof to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner’s Partnership Interest, notwithstanding the fact that one or more other General Partner is in existence at such time.

§11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership’s liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership’s liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:

-89-
(a) First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates made pursuant to §6.4(f)(i), §6.4(f)(ii), and/or §6.4(f)(iii) hereof and the Guaranty Agreement and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

(b) Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this §11.2; and

(c) Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in §5.2(a) hereof and in accordance with the priority set forth therein; and

(d) Fourth, such liquidation proceeds will be distributed in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under §4.2(m) hereof.

§11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, then:

(a) Distributions will be made pursuant to §11.2 hereof (if such “liquidation” constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations;

(b) If a General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such General Partner will contribute to the capital of the Partnership the amount necessary to restore the balance in its Capital Account to zero;

(c) If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to §11.4 hereof; and
(d) Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the "liquidation" or (2) ninety (90) days after the date of the "liquidation".

Notwithstanding anything to the contrary contained in this §11.3, in the event the Partnership is "liquidated" within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, but such "liquidation" does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to §11.2 hereof. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

§11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in §11.3(b) hereof, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this §11.4, the Limited Partner and Special Limited Partner shall not have any obligation to restore any deficit in their Capital Accounts upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner and Special Limited Partner may from time to time elect to be obligated to restore a deficit in their Capital Accounts up to a limited dollar amount. Such election shall be made by the delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner or the Special Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner's or the Special Limited Partner's Partnership Interest.

§11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

§11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the Certificate of Formation, or any amendment thereto, of the Partnership and any and all other documents which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.
ARTICLE 12: MISCELLANEOUS

§12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership's principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three (3) business days after deposit in the United States mail.

§12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

§12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

§12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Texas.

§12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

§12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

§12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

§12.8 Limitation of Benefits. Except with respect to those provisions hereof that confer rights to CUSA, it is the explicit intention of the Partners that no person or entity other than the Partners and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners and the Partnership and their or its respective successors and assigns as permitted hereunder.
§12.9 *Entire Agreement.* This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or written agreements, commitments, or understandings with respect to the matters provided for herein and therein. So long as any amount of the Construction Loan remains outstanding, the Partners shall not materially amend or modify §3.2 above with respect to the payment of the Limited Partner’s Capital Contributions, without the prior consent of the Construction Lender, which shall not be unreasonably withheld, delayed or conditioned.

§12.10 *Broker’s Commission and Indemnity.* Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney’s fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

§12.11 *Amendment of Partnership Agreement.* Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

§12.12 *Power of Attorney*  

(a) *Generally.* The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of §10.6 hereof, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii) all amendments to the Certificate of Formation or other instrument that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under the Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by the Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any
part of its Partnership Interest hereunder. Nothing contained herein shall be construed to limit the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.

(b) **Removal for Cause.** The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of §10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of §10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by §10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

[Remainder of this page intentionally left blank.]
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

<table>
<thead>
<tr>
<th>GENERAL PARTNER:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LCBH- THE COLONY GP, L.L.C., a Texas limited liability company</td>
<td></td>
</tr>
<tr>
<td>By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its Sole Member</td>
<td></td>
</tr>
<tr>
<td>By:</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Its:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIMITED PARTNER:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NEF ASSIGNMENT CORPORATION, an Illinois non-profit corporation, as nominee</td>
<td></td>
</tr>
<tr>
<td>By:</td>
<td></td>
</tr>
<tr>
<td>Name:</td>
<td></td>
</tr>
<tr>
<td>Its:</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>SPECIAL LIMITED PARTNER:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CHURCHILL RESIDENTIAL, INC., a Texas corporation</td>
<td></td>
</tr>
<tr>
<td>By:</td>
<td></td>
</tr>
<tr>
<td>Name: Bradley E. Forslund, President</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INITIAL LIMITED PARTNER:</th>
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</tr>
</thead>
<tbody>
<tr>
<td>BRADLEY E. FORSLUND, an individual</td>
<td></td>
</tr>
<tr>
<td>By:</td>
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</table>
APPENDIX I

PROJECTIONS
### Project Description

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Purpose</th>
<th>Location Details</th>
</tr>
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<tbody>
<tr>
<td>Evergreen at The Colony</td>
<td>The Colony Senior Community, L.P.</td>
<td>5700 State Highway 121, TX</td>
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<tr>
<td>Full Name</td>
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<td>The Colony</td>
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### Timing Assumptions

<table>
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<th>Event</th>
<th>Date</th>
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<tr>
<td>NEF Admission to Partnership</td>
<td>12/19/08</td>
</tr>
<tr>
<td>NEF Initial Funding</td>
<td>12/19/08</td>
</tr>
<tr>
<td>Construction Start</td>
<td>12/19/08</td>
</tr>
<tr>
<td>Place in Service</td>
<td>2/10/11</td>
</tr>
<tr>
<td>Permanent Loan Closings</td>
<td>4/7/11</td>
</tr>
<tr>
<td>Projected First Credit Year</td>
<td>2010</td>
</tr>
<tr>
<td>Sale of Project</td>
<td>12/31/25</td>
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</table>

### Partnership Information

| General Partner Tax Exempt (Y/N) | N          |
| Lower-Tier LP P&L Cash Flow Share | 99.99%     |
| Lower-Tier GP P&L Cash Flow Share | 0.01%      |
| Sale Proceeds Share - LP Portion | 10.00%     |
| Sale Proceeds Share - GP Portion | 90.00%     |
| Deferred Developer Fee Interest Rate | 4.00%     |
| Applicable Fed. Rate (AFR)      | 4.58%      |
| Date of AFK                     | 9/1/08     |
| Length of LURA                  |            |

### Reserves and Fees

<table>
<thead>
<tr>
<th>Event</th>
<th>Y/N</th>
<th>$ Amnt or % of EGI</th>
<th>Source Funding (Y/N)</th>
<th>Interest Earnings Rate</th>
<th>Growth Rate</th>
<th>Estimated Reserve Amount</th>
<th>Target Reserve Amount</th>
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</thead>
<tbody>
<tr>
<td>Annual Funding of Replacement Reserve</td>
<td>Y</td>
<td>36,250</td>
<td>Y</td>
<td>2.00%</td>
<td>3.00%</td>
<td>$250</td>
<td></td>
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<tr>
<td>Annual Funding of Operating Reserve</td>
<td>N</td>
<td>0.000</td>
<td>N</td>
<td>0.00%</td>
<td>0.00%</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Annual Funding of Rev Deficit Reserve</td>
<td>N</td>
<td>0.000</td>
<td>N</td>
<td>0.00%</td>
<td>0.00%</td>
<td>N/A</td>
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<tr>
<td>Annual NEF Asset Management Fee</td>
<td>Y</td>
<td>5,000</td>
<td>Y</td>
<td>2.00%</td>
<td>3.00%</td>
<td>N/A</td>
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<tr>
<td>Annual Partnership Agent Fees to GP</td>
<td>N</td>
<td>0.000</td>
<td>N</td>
<td>0.00%</td>
<td>0.00%</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Management Incentive Fee</td>
<td>Y</td>
<td>90%</td>
<td>Y</td>
<td>2.00%</td>
<td>3.00%</td>
<td>N/A</td>
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</tr>
<tr>
<td>Annual Funding of Ina &amp; Tax Escrow</td>
<td>Y</td>
<td>0.000</td>
<td>Y</td>
<td>2.00%</td>
<td>3.00%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Annual Funding of Other Reserves</td>
<td>Y</td>
<td>0.000</td>
<td>N</td>
<td>0.00%</td>
<td>0.00%</td>
<td>N/A</td>
<td></td>
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</table>
### Tax Credit Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Construction / Rehab Credit Rate</td>
<td>9.00%</td>
<td></td>
</tr>
<tr>
<td>Credit Rate Locked-In? (Y/N)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Annual Tax Credit - 1st Tax Credit Res</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Tax Credit - 2nd year allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Annual Tax Credit Allocation</td>
<td>$1,433,150</td>
<td>Date of allocation 8/1/08</td>
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<tr>
<td>Total Annual Rehab Credit Allocated</td>
<td>$1,334,343</td>
<td>$98,807 Unallocated</td>
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<tr>
<td>Total Annual Acquisition Credit Allocated</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Total LIHTC Basis + Land + Commercial</td>
<td>14,826,029</td>
<td></td>
</tr>
<tr>
<td>Ten Percent Carryover Test Required (Y/N)</td>
<td>Y</td>
<td></td>
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<tr>
<td>Ten Percent Carryover Test Completed (Y/N)</td>
<td>N</td>
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<tr>
<td>Due Date of 10% Carryover</td>
<td>6/30/09</td>
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<tr>
<td>Eligible for Acquisition Credit? (Y/N)</td>
<td>N</td>
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<tr>
<td>Eligible for Cal State Tax Credit? (Y/N)</td>
<td>N</td>
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</tr>
<tr>
<td>Tax Credit Allocated</td>
<td>N</td>
<td></td>
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<tr>
<td>Eligible for State LIHTC Credit? (Y/N)</td>
<td>N</td>
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<tr>
<td>State LIHTC Credit - Number of Years</td>
<td>N</td>
<td>Number of Years</td>
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<tr>
<td>Eligible for Historic Tax Credit? (Y/N)</td>
<td>N</td>
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<tr>
<td>State Historic Credit Percentage</td>
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### Project Assumptions

#### Other Annual Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Laundry</td>
<td>$120</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td>Carports/Garage</td>
<td>25,020</td>
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</table>

### Tax Exempt Bond Financing

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Issuer</td>
<td></td>
</tr>
<tr>
<td>Credit Enhancement Type</td>
<td></td>
</tr>
<tr>
<td>Enhancement Provided by</td>
<td></td>
</tr>
<tr>
<td>Bond Purchaser</td>
<td></td>
</tr>
<tr>
<td>Date of Bond Issuance</td>
<td></td>
</tr>
</tbody>
</table>

### Pick All That Apply

- [ ] Condo
- [ ] Presentation
- [ ] Section 222
- [ ] Section 203
- [ ] Section 202
- [ ] Earthquake Zone
- [ ] Flood Zone
- [ ] Mixed Income
- [ ] Section 203 - at risk
- [ ] Childcare on Site
- [ ] GO Zone
- [ ] 2030 Required
- [ ] Windstorm Area
- [ ] Section 203
- [ ] Community Facilities
- [ ] Swimming Pool
- [ ] Operating Subsidy
- [ ] 168(h) election
- [ ] Modular Construction
- [ ] Rental Subsidy
- [ ] Section 202
- [ ] Addition to Existing

### NEF Regional Team:

#### South

- **Regional VP**: Hunter Botts
- **Acquisition Manager**: Stewart Jester
- **Asset Manager**: Jaime Avery
- **Analyst**: Claudia Saravia
- **Regional Director for Asset Manager**: Wade Okada
- **Construction Risk Manager**: Louise Fattalino

---

Project Assumptions
# NEF Unit Mix & Rents

<table>
<thead>
<tr>
<th>#</th>
<th># Units</th>
<th>Description</th>
<th># Units</th>
<th>Description</th>
<th># Units</th>
<th>Description</th>
<th># Units</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,156</td>
<td>LHTC</td>
<td>4</td>
<td>52%</td>
<td>307</td>
<td>271</td>
<td>12</td>
<td>905</td>
</tr>
<tr>
<td>2</td>
<td>1,156</td>
<td>LHTC</td>
<td>25</td>
<td>52%</td>
<td>308</td>
<td>510</td>
<td>72</td>
<td>805</td>
</tr>
<tr>
<td>3</td>
<td>1,177</td>
<td>LHTC</td>
<td>43</td>
<td>63%</td>
<td>391</td>
<td>406</td>
<td>18</td>
<td>805</td>
</tr>
<tr>
<td>4</td>
<td>2,283</td>
<td>LHTC</td>
<td>43</td>
<td>57%</td>
<td>1,005</td>
<td>906</td>
<td>84</td>
<td>1,075</td>
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<tr>
<td>5</td>
<td>3,309</td>
<td>LHTC</td>
<td>43</td>
<td>57%</td>
<td>1,075</td>
<td>747</td>
<td>94</td>
<td>1,075</td>
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</table>

Total Units: 1,156

Commerical Units: 0

Housing Choice

<table>
<thead>
<tr>
<th>Income Limits</th>
<th># Units</th>
<th>Description</th>
<th># Units</th>
<th>Description</th>
<th># Units</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>0-60,000</td>
<td>65</td>
<td>LIHTC</td>
<td>747</td>
<td>32,172</td>
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<tr>
<td>60,001-83,000</td>
<td>65</td>
<td>LIHTC</td>
<td>747</td>
<td>32,172</td>
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<tr>
<td>83,001-107,000</td>
<td>65</td>
<td>LIHTC</td>
<td>747</td>
<td>32,172</td>
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</tr>
<tr>
<td>107,001-131,000</td>
<td>65</td>
<td>LIHTC</td>
<td>747</td>
<td>32,172</td>
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<tr>
<td>131,001-165,000</td>
<td>65</td>
<td>LIHTC</td>
<td>747</td>
<td>32,172</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Units: 1,156

Percent of residential: 100%

Percent of total project monthly rent below market monthly rent: 34.2%

Percent of total project monthly rent below target AMI monthly rent: 17.9%

Max LIHTC Income and Rents

<table>
<thead>
<tr>
<th># Estimate</th>
<th>Family Size</th>
<th>AMI</th>
<th>Income</th>
<th>Total Income</th>
<th>Rent</th>
<th>Income Over</th>
<th>Rent Over</th>
<th>Income Under</th>
<th>Rent Under</th>
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<tbody>
<tr>
<td>1</td>
<td>1.0</td>
<td>0.0</td>
<td>14,000</td>
<td>374</td>
<td>5,890</td>
<td>749</td>
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<tr>
<td>2</td>
<td>1.0</td>
<td>0.0</td>
<td>14,000</td>
<td>600</td>
<td>5,890</td>
<td>748</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>3</td>
<td>1.0</td>
<td>0.0</td>
<td>14,000</td>
<td>800</td>
<td>5,890</td>
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<td>14,000</td>
<td>1,000</td>
<td>5,890</td>
<td>748</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>1.0</td>
<td>0.0</td>
<td>14,000</td>
<td>1,200</td>
<td>5,890</td>
<td>748</td>
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<td>0</td>
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### Financing

<table>
<thead>
<tr>
<th>% of Funding</th>
<th>Required Loans</th>
<th>Principal</th>
<th>Debt / Unit</th>
<th>Payment Type</th>
<th>Interest Rate</th>
<th>Perd Loan Closing Date</th>
<th>1st Pay Date</th>
<th>Amort Yrs</th>
<th>Term Yrs</th>
<th>Reserve (%)</th>
<th>Sponsorship FE/IN (Y/N)</th>
<th>In Order to Proceed</th>
<th>Source</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>21.15%</td>
<td>Wells Fargo</td>
<td>3,800,000</td>
<td>10.20%</td>
<td>Amortizing</td>
<td>7.62%</td>
<td>4/1/11</td>
<td>5/1/11</td>
<td>30</td>
<td>18</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
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<tr>
<td>18.68%</td>
<td>TDHCA - HOME</td>
<td>3,000,000</td>
<td>10.20%</td>
<td>Amortizing</td>
<td>0.00%</td>
<td>4/1/11</td>
<td>5/1/11</td>
<td>40</td>
<td>18</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N</td>
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<tr>
<td>68.27%</td>
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<td>6,800,000</td>
<td>0.00%</td>
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</table>

<table>
<thead>
<tr>
<th>% of Funding</th>
<th>Contingent Loans / Lender Name</th>
<th>% of Contingent Loans</th>
<th>Source</th>
<th>Comments</th>
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<tr>
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<tr>
<td>0.00%</td>
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<tr>
<td>0.00%</td>
<td></td>
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</table>

<table>
<thead>
<tr>
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<th>Other Sources</th>
<th>% of Other Sources</th>
<th>Source</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
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<td></td>
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### Construction Financing

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<th>Maturity Date</th>
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### Development Costs

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Securities Offered ( Elk.)

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### Buildings Summary

**Building by Building Information**

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<td>16%</td>
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<td>Completion/Placed in Service</td>
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<td>Oct-09</td>
<td>Nov-09</td>
<td>Dec-09</td>
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<td>Feb-10</td>
<td>Oct-09</td>
<td>Nov-09</td>
<td>Dec-09</td>
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### Lease-Up Schedule / Credit Delivery

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<th>Construction Period</th>
<th>1/1/2010</th>
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#### Number of Residential Units
145 First Building Placed in Service

#### Number of Tax Credit Units
145 Last Building Placed in Service

#### Number of Market Units
0

#### Commercial Square Footage
0

#### Square Footage of Building
0

#### Start of Construction
12/1/09

#### Completion/Cost/Placed in Service
2/1/10

#### Start of Leasing/Move-in Date
11/1/10

#### 100% Lease-Up/Qualified Occupancy
11/1/10

#### Start of QO Tax Credit Units PIS
1/1/2010

### Yearly Tax Credit Units Leased

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<th>Year</th>
<th>Cumulative Tax Credit Units Leased</th>
<th>Non Tax Credit Units Leased</th>
<th>Commercial Sq Ft Leased</th>
<th>Tax Credit Rental Income</th>
<th>Commercial Income</th>
<th>Non Tax Credit Revenue</th>
<th>Total Rental Income</th>
<th>Rehab Tax Credits</th>
<th>Acq Tax Credits</th>
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#### Yearly Rent (Income)

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<th>Acq Tax Credits</th>
<th>Total Tax Credits</th>
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### LEASE-UP SCHEDULE / CREDIT DELIVERY

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<tr>
<th>Year</th>
<th>Tax Credit Units Leased (Income)</th>
<th>Cumulative Tax Credit Units Leased</th>
<th>Tax Credit Units Leased (Credits)</th>
<th>Cumulative Non Tax Credit Units Leased</th>
<th>Commercial Sq FT Leased</th>
<th>Tax Credit Rental Income</th>
<th>Commercial Income</th>
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<th>Total Rental Income</th>
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Credits from QO Units PIS in 2009: 0 0 0
Credits from QO Units PIS in 2010: 1,334,343 0 1,334,343

TOTAL: 0 145 0 0 0 1,080,432 0 0 1,080,432 1,334,343 0 1,334,343

Units agree: units agree: units agree: sq ft agrees
### Credits, Price/Credit, Equity

<table>
<thead>
<tr>
<th>Credits</th>
<th>Price/Credit</th>
<th>Equity</th>
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<tbody>
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<td>Federal Historic Tax Credits</td>
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<tr>
<td>State LIHTC Credits Purchased by NEF</td>
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<tr>
<td>State Historic Credits Purchased by NEF</td>
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<tr>
<td><strong>Total Limited Partner Equity</strong></td>
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<td>State LIHTC Credits Purchased by a 3rd Party</td>
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<td>3rd Party Buyer</td>
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<td>State Historic Credits Purchased by a 3rd Party</td>
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<td><strong>Total</strong></td>
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### Equity Installments

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<th>Project Milestone</th>
<th>Date</th>
<th>Qtr Pay</th>
<th>Development Costs Percent</th>
<th>Project Cost</th>
<th>Developer Fee</th>
<th>Total Reserves Payment</th>
<th>NEF Reserves</th>
<th>Total Equity Paid</th>
<th>Total Equity Percent</th>
<th>3rd Party Equity</th>
<th>NEF and 3rd Party EQUITY</th>
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<tbody>
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<td>1</td>
<td>Admission</td>
<td>12/19/08</td>
<td>12/11/08</td>
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<td>1,812,620</td>
<td>10.00%</td>
<td>142,721</td>
<td>0</td>
<td>1,955,341</td>
<td>18.00%</td>
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<td>10.00%</td>
<td>142,721</td>
<td>0</td>
<td>1,955,341</td>
<td>18.00%</td>
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<td>1,955,341</td>
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<tr>
<td>3</td>
<td>Construction Completion</td>
<td>4/11/10</td>
<td>6/30/10</td>
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<td>1,812,620</td>
<td>10.00%</td>
<td>142,721</td>
<td>0</td>
<td>1,955,341</td>
<td>18.00%</td>
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<td>1,955,341</td>
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<tr>
<td>4</td>
<td>Stabilized Occupancy</td>
<td>4/1/11</td>
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<td>3,625,239</td>
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<td>Tax Filing</td>
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<td>1,427,715</td>
<td>370,150</td>
<td>10,640,493</td>
<td>100.00%</td>
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### Developer Fee

- Maximum Deferred Fee Percentage: 75.00%
- Developer Fee: 1,774,410
- From Cash Flow: 347,195
- From Equity: 1,427,215
- Percentage of Fee Deferred: 19.57%
### Operating Expenses

#### Units 145

<table>
<thead>
<tr>
<th>Category</th>
<th>Annual Expense</th>
<th>Per Unit Escalator</th>
<th>Comments</th>
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<tr>
<td><strong>General &amp; Administrative</strong></td>
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<tr>
<td>Property Management Fee</td>
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<td>Misc. Prop. Mgmt. Fees</td>
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<td>Accounting/Auditing</td>
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<td>Legal</td>
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<tr>
<td>Office Supplies &amp; Expense</td>
<td>26,000</td>
<td>136</td>
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<td>Telephone Answering Service</td>
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<td>Other - UHPC Compliance Monitoring</td>
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<td>3.00% Annual fees</td>
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<td>Other - Misc. Admin.</td>
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<td><strong>Total</strong></td>
<td>87,170</td>
<td>601</td>
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| **Payroll & Related**           |                |                   |                                                                          |
| Administrative Payroll          | 78,000         | 538               | 3.00% Consistent with portfolio (Mgr & Asst, Mgr.)                     |
| Maintenance Payroll             | 81,000         | 431               | 3.00% Consistent with portfolio (Basic & Asst Maintenance)             |
| Repair Payroll                  | 0              | 0                 | 3.00%                                                                  |
| Payroll Taxes                   | 14,200         | 100               | 3.00% Consistent with portfolio                                        |
| Fringe Benefits                 | 32,450         | 154               | 3.00% Consistent with portfolio                                        |
| Other                           | 200            | 50                | 3.00% Bonuses                                                          |
| **Total**                       | 184,150        | 1,263             |                                                                          |

| **Utilities**                   |                |                   |                                                                          |
| Electric (Common Area)          | 50,000         | 345               | 3.00% Clubhouse & Buildings (consistent with portfolio)                 |
| Gas/Fuel/Oil/Coal (Common Area)| 0              | 0                 | N/A                                                                      |
| Water & Sewer                   | 45,000         | 310               | 3.00% Units & Irrigation (consistent with portfolio)                   |
| Elevator (for Units)            | 0              | 0                 | 3.00%                                                                  |
| Gas/Fuel/Oil/Coal (for Units)   | 0              | 0                 | 3.00%                                                                  |
| Other                           | 95,000         | 650               |                                                                          |

| **Maintenance & Repair**        |                |                   |                                                                          |
| Cleaning (Janitorial)           | 0              | 0                 | 3.00% Included in Payroll                                              |
| Elevator Maintenance            | 7,500          | 52                | 3.00% Consistent with portfolio                                        |
| Exterminating                   | 2,000          | 14                | 3.00% Consistent with portfolio                                        |
| Fire Alarm Inspection           | 3,000          | 7                 | 3.00% Consistent with portfolio                                        |
| Grounds Maintenance             | 1,000          | 1                 | 3.00% Consistent with portfolio                                        |
| Grounds Maintenance Contract    | 22,000         | 166               | 3.00% Consistent with portfolio                                        |
| Painting & Decorating           | 18,000         | 124               | 3.00% Consistent with portfolio                                        |
| Repairs                         | 25,000         | 172               | 3.00% Consistent with portfolio                                        |
| Repairs Contract                | 0              | 0                 | N/A                                                                      |
| Security                        | 0              | 0                 | 3.00%                                                                  |
| Supplies                        | 0              | 0                 | 3.00% Included in Repairs                                              |
| Trash Removal/Snow Removal      | 7,500          | 52                | 3.00% Consistent with portfolio                                        |
| Vehicle/Equipment Maintenance   | 0              | 0                 | 3.00%                                                                  |
| Other - Misc Ops and Maint Expenses | 8,000     | 34                | 3.00% Consistent with portfolio                                        |
| **Total**                       | 61,000         | 421               |                                                                          |

| **Market & Leasing**            |                |                   |                                                                          |
| Advertising                     | 1,200          | 8                 | 3.00% Consistent with portfolio                                        |
| Credit Investigations           | 2,000          | 14                | 3.00% Consistent with portfolio                                        |
| Leasing Fees                    | 0              | 0                 | 3.00% In Payroll - Bonuses                                            |
| Other                           | 3,200          | 22                |                                                                          |

| **Taxes & Insurance**           |                |                   |                                                                          |
| Insurance - Liability           | 29,000         | 200               | 3.00% Consistent with portfolio                                        |
| Other Taxes, Licenses & Fees    | 2,300          | 11                | 3.00% Consistent with portfolio                                        |
| Real Estate Taxes               | 59,189         | 406               | 3.00% Consistent with portfolio                                        |
| Property/Liability (Abridged)   | 0              | 0                 | 3.00%                                                                  |
| Other                           | 0              | 0                 | 3.00%                                                                  |
| **Total**                       | 95,539         | 658               |                                                                          |

**Total Annual Operating Budget**: $558,092  
**Annual Operating Budget per Unit (PPUA)**: $3,828
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<td>16.00%</td>
<td>18.00%</td>
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**Gross Rent Income (GRI)**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Income Protection (IP)**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Total Income**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Total Operating Expenses (TOH)**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Net Operating Income (NOI)**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Net Cash Flow**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Sales Price**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Repayment Reserve (Refund)**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00

**Net Sales Price**
- 2008: $0.00
- 2009: $0.00
- 2010: $0.00
- 2011: $0.00
- 2012: $0.00
- 2013: $0.00
- 2014: $0.00
- 2015: $0.00
- 2016: $0.00
- 2017: $0.00
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<td>Cash Flow After Required Payments &amp; Funding of Operating Reserve</td>
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### Table

- **Initial Operating Reserve**: 235,150
- **Initial Operating Reserve Release**: 235,150
- **Ending Reserve Balance**: 370,150
- **Ending Reserve Release**: 370,150
- **Release of Operating Reserve in cash flow**: 370,150
- **Ending Balance**: 370,150
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| Expenditures Taken | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 157,716 | 10,734 | 10,734 | 10,734 | 10,734 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872 | 20,872
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Applicable fraction (the lesser of units or sq ft) 100.00%

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### Notes
- The table above represents the Profit & Loss statement for the years 2008 to 2025 for a specific project.
- The figures include net operating income, operating expenses, total acquisition costs, and total operating expenses.
- The statement also includes tax-related expenses and total taxable income for each year.

### Additional Notes
- The table includes various financial metrics such as net operating income, interest expense, and total acquisition costs.
- The data is presented in a tabular format with years listed in rows and financial metrics in columns.
- The totals for each category are provided at the bottom of the table.
EXHIBIT A

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL
PURCHASE OPTION AND
RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (this "Agreement") is made as of the 12th day of December, 2008 by and among The Colony Senior Community, L.P., a Texas limited partnership (the "Partnership"), Churchill Residential, Inc., a Texas corporation (the "Special Limited Partner"), LifeNet Community Behavioral Healthcare, a Texas non-profit corporation ("Grantee"), which is the sole member of LCBH-The Colony GP, L.L.C., a Texas limited liability company (the "General Partner"), and is consented to hereinbelow by NEF Assignment Corporation, an Illinois not-for-profit corporation, as nominee (the "Consenting Limited Partner" or "Limited Partner").

Whereas, the General Partner and Special Limited Partner are entering into that certain Amended and Restated Limited Partnership Agreement dated as of the date hereof (the "Partnership Agreement") forming the Partnership or continuing it by amending and restating a prior partnership agreement; and

Whereas, the General Partner, Special Limited Partner and Grantee have been instrumental in the development of the Project, as described in the Partnership Agreement; and

Whereas, the General Partner, Special Limited Partner and Grantee have performed, or have agreed to perform, services (the "Services") relating to the acquisition and syndication of the Project, as defined in the Partnership Agreement, which services include procuring permanent financing, securing the low-income housing tax credits and negotiating the Consenting Limited Partner’s investment in the Partnership, and the Partnership wishes to provide to the General Partner, Special Limited Partner and Grantee certain rights under this Agreement in consideration of the General Partner, Special Limited Partner and Grantee performing such services; and

Whereas, the Project is or will be subject to one or more governmental agency regulatory agreements (collectively, the "Regulatory Agreements") restricting its use to low-income housing (the "Use Restrictions"), including but not limited to the Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Tax Credits (the "LURA"), a form of which has been provided to the Consenting Limited Partner; and

Whereas, as a condition precedent to the continuation of the Partnership pursuant to the Partnership Agreement, the General Partner, Special Limited Partner and Grantee have negotiated and required that the Partnership execute and deliver this Agreement, and the Consenting Limited Partner has consented to this Agreement in order to induce the General Partner and Special Limited Partner to execute and deliver the Partnership Agreement;

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement, the performance of the Services by the General Partner, Special Limited Partner and Grantee for the benefit of the Partnership and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:
1. **Grant of Options.** The Partnership hereby grants to the Special Limited Partner an option to either (a) after the close of the fifteen (15) year compliance period for the low-income housing tax credit for the Project (the “Compliance Period”), purchase the real estate, fixtures and personal property comprising the Project or associated with the physical operation thereof, located at the Project and owned by the Partnership at the time of purchase (the “Project Option”) as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the “Code”); or (b) purchase the Limited Partner’s limited partnership interest in the Partnership (the “Partnership Interest Option”). The Partnership Interest Option (i) shall be triggered prior to the end of the Compliance Period if the Partnership receives an offer from an unrelated third party to purchase the Project or the limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, and (ii) may be exercised at any time after the end of the Compliance Period. Both the Project Option and the Partnership Interest Option shall be on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of such Options specified herein. The Partnership additionally hereby grants to the Grantee a subordinate right to purchase the Limited Partner’s limited partnership interest in the Partnership (the “Subordinate Partnership Interest Option”) which is triggered by the Special Limited Partner declining or failing to exercise its Partnership Interest Option after an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion. The Project real estate is legally described in Exhibit A attached hereto and made a part hereof. The Regulatory Agreement containing the Use Restrictions to which the Project real estate will remain subject is described in Exhibit B attached hereto and made a part hereof. The Project Option, the Partnership Interest Option and the Subordinate Partnership Interest Option are collectively sometimes herein referred to as the “Options” and each of them is sometimes herein referred to as an “Option”.

2. **Grant of Refusal Right to Grantee.** In the event the Partnership receives an offer from an unrelated third party to purchase the Project which the Limited Partner wishes to accept, the Partnership will not sell the Project or any portion thereof without first providing Grantee with a written notice (the “Notice of Refusal Right”) offering to Grantee a right of first refusal to purchase the Project (the “Refusal Right”) after the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. The Refusal Right shall be subordinated to the Partnership Interest Option and the Subordinate Partnership Interest Option that are simultaneously triggered, and if the Limited Partner’s limited partnership interest is acquired by either the Special Limited Partner or the Grantee, the consent of such acquiring party shall be required prior to the sale of the Project or any portion thereof pursuant to either a third party offer or the Refusal Right. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Paragraph 9 hereof, whichever first occurs, a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the Code, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Paragraph
9 hereof meeting the requirements of Section 42(i)(7)(A) of the Code as determined in its reasonable judgment by tax counsel to the Consenting Limited Partner.

3. **Purchase Price Under Options.** The purchase price under the Project Option or the Partnership Interest Option shall be as follows:

   a. **Project Option.** The purchase price under the Project Option shall be the greater of the following amounts:

      (i) **Debt, Taxes and Credit Adjusters.** The sum of: (a) an amount sufficient to pay all debts (including partner loans) and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, (b) an amount sufficient to distribute to the Limited Partner pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash proceeds equal to the state, local and federal taxes projected to be imposed on the Limited Partner as a result of the sale of the Project pursuant to the Option less any amounts distributed or to be distributed to the Limited Partner from the Operating Reserve Account and/or the Replacement Reserve Account for the purpose of paying such taxes, and (c) any unpaid portion of any credit adjuster payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership Agreement; or

      (ii) **Fair Market Value.** The fair market value of the Project, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions, less any liabilities, including all Partnership debt (including Partner loans) assuming the Project is affordable for the period of the Use Restrictions. The above-referenced appraisal shall be made by a licensed appraiser who is a member of the Master Appraiser Institute ("MAI") and who has experience in the geographic area in which the Project is located. The fair market value of the Project shall be determined by an MAI appraiser selected by the Partners, with the prior consent of the Limited Partner. The appraisal shall be paid for by the Partnership. If the Partners are unable to agree upon an MAI appraiser, the fair market value of the Project shall be determined by an MAI appraiser agreed upon by an MAI appraiser selected by the General Partner and an MAI appraiser selected by the Limited Partner, which appraisal shall be paid for by the Partnership.

   b. **Partnership Interest Option and Subordinate Partnership Interest Option.** The purchase price under the Partnership Interest Option or under the Subordinate Partnership Interest Option shall be the greater of:

      (i) **Fair Market Value Analysis.** The purchase price for the Limited Partner’s Partnership Interest shall be the equivalent of the sum that the Limited Partner would have received in distribution of Net Cash pursuant to Section 5.2 of the Partnership Agreement if the Project had been sold to a third party for the appraised fair market value. Any such appraisal shall be made by a licensed appraiser who is a member of the MAI and who has experience in the geographic area in which the Project is located. The fair market value of the Project shall be determined by an MAI appraiser selected by the General Partner, with the prior consent of the Limited Partner. The appraisal shall be paid for by the Partnership. If the Partners are unable to
agree upon an MAI appraiser, the fair market value of the Project shall be determined by an MAI
apraiser agreed upon by an MAI appraiser selected by the General Partner and an MAI appraiser
selected by the Limited Partner, which appraisal shall be paid for by the Partnership; or

(ii) Partner Loans, Taxes and Credit Adjusters. The sum of: (a) an amount equal to
the outstanding principal balance and all accrued and unpaid interest on any loans that the
Limited Partner has made to the Partnership, (b) an amount sufficient to distribute to the Limited
Partner pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash proceeds equal to the
state, local and federal taxes projected to be imposed on the Limited Partner as a result of the sale
of its Partnership Interest pursuant to the Option, and (c) any unpaid portion of any credit adjuster
payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership
Agreement.

4. Purchase Price Under Refusal Right. The purchase price for the Project pursuant to the
Refusal Right shall be equal to the sum of: (a) an amount sufficient to pay all debts (including
partner loans) and liabilities of the Partnership upon its termination and liquidation as projected
to occur immediately following the sale pursuant to the Refusal Right, (b) an amount sufficient to
distribute to the Limited Partner, pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash
proceeds equal to the state, local and federal taxes projected to be imposed on the Limited
Partner as a result of the sale pursuant to the Refusal Right, (c) any unpaid portion of any credit adjuster
payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership
Agreement.

5. Conditions Precedent. Notwithstanding anything in this Agreement to the contrary, the
Options and the Refusal Right granted hereunder shall be contingent on all of the following:

a. General Partner and Special Limited Partner. As to the Project Option and the
Partnership Interest Option, the Special Limited Partner shall have remained in good standing as
a special limited partner of the Partnership without the occurrence of any event described in
Section 10.6 of the Partnership Agreement that has not been cured as provided in Section 10.6(b)
of the Partnership Agreement. As to the Refusal Right and the Subordinate Partnership Interest
Option, the General Partner shall have remained in good standing as special limited partner of the
Partnership without the occurrence of any event described in Section 10.6 of the Partnership
Agreement that has not been cured as provided in Section 10.6(b) of the Partnership Agreement.

b. Regulatory Agreements. Either (i) the Regulatory Agreements shall have been
entered into and remained in full force and effect, and those Use Restrictions to be contained
therein, shall have remained unmodified as to material terms affecting the affordability of the
Project or income eligibility standards therein (unless the Consenting Limited Partner has
approved a modification in writing), or (ii) if the Regulatory Agreements are no longer in effect
due to reasons other than a default thereunder by the Partnership, such Use Restrictions, as so
approved and unmodified, shall have remained in effect by other means and shall continue in
effect by means of covenants recorded against the property.

c. Performance by the General Partner and Special Limited Partner of the Services.
The General Partner, Special Limited Partner and Grantee shall have performed the Services set forth in the recitals of this Agreement. The General Partner, Special Limited Partner and Grantee shall have been deemed to have performed the Services upon the completion of all of the following:

(i) the admission of the Consenting Limited Partner to the Partnership;

(ii) the closing of all permanent loans secured by the Project, as described in the Partnership Agreement;

(iii) the acquisition of all of the real property comprising the Project by the Partnership; and

(iv) the receipt by the Partnership of all Forms 8609 to be issued in connection with the Project, evidencing the low-income housing tax credits projected to be delivered by the Project (as adjusted in any revised Projections prepared in accordance with Section 6.9 of the Partnership Agreement).

If any or all of such conditions precedent have not been met, the Options and the Refusal Right shall not be exercisable. Upon any of the events terminating the Options or the Refusal Right under Sections 9.5 and 9.6 of the Partnership Agreement, terminating either the General Partner as a general partner or the Special Limited Partner as a special limited partner, respectively, of the Partnership under Article 10 of the Partnership Agreement, or affecting the Regulatory Agreement as described in this Paragraph 5, the Options and the Refusal Right shall be void and of no further force and effect as to the Partner to which such terminating event has occurred.

6. Exercise of Refusal Right or Options and Priority.

(a) Refusal Right. The Refusal Right may be exercised by Grantee only by complying in full with the following: (i) Grantee shall give written notice of its intent to exercise the Refusal Right delivered to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, and (ii) Grantee shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Refusal Right shall (I) be given no later than thirty (30) days after Grantee has received the Partnership’s Notice of Refusal Right; provided, however, if Grantee has not received the Partnership’s Notice of Refusal Right on or before the end of the fourteenth (14th) year of the Compliance Period, Grantee’s Refusal Right shall be terminated (the “Refusal Right Termination Date”), and (II) specify a closing date within one hundred eighty (180) days immediately following the end of the Compliance Period.

(b) Options. Immediately following the occurrence of the Refusal Right Termination Date, the Project Option may be exercised by the Special Limited Partner only by complying in full with the following: (i) the Special Limited Partner shall give written notice of the Special Limited Partner’s intent to exercise the Project Option, such notice to be executed by the Special Limited Partner to the Partnership in the manner provided in the Partnership Agreement and in
compliance with the requirements of this Paragraph 6, the Special Limited Partner hereby acknowledging that any such notice that is not executed by the Special Limited Partner shall be deemed null and void, and (ii) the Special Limited Partner shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Project Option shall be given no later than thirty (30) days after the Refusal Right Termination Date, which shall specify a closing date within one hundred eighty (180) days after the Refusal Right Termination Date.

Immediately following the Partnership’s receipt of an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, or at any time following the end of the Compliance Period, the Partnership Interest Option may be exercised by the Special Limited Partner only by complying in full with the following: (i) the Special Limited Partner shall give written notice of the Special Limited Partner’s intent to exercise the Partnership Interest Option, such notice to be executed by the Special Limited Partner to the Partnership in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, the Special Limited Partner hereby acknowledging that any such notice that is not executed by the Special Limited Partner shall be deemed null and void, and (ii) the Special Limited Partner shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Partnership Interest Option shall be given no later than thirty (30) days after the triggering event, and which shall specify a closing date within ninety (90) days after the triggering event.

In the event that following the Partnership’s receipt of an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, the Special Limited Partner declines or fails to exercise its Partnership Interest Option, then the Grantee may exercise its Subordinate Partnership Interest Option. The Subordinate Partnership Interest Option may be exercised by the Grantee only by complying in full with the following: (i) the Grantee shall give written notice of the Grantee’s intent to exercise the Subordinate Partnership Interest Option, such notice to be delivered to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, the Grantee hereby acknowledging that any such notice that is not executed by the Grantee shall be deemed null and void, and (ii) the Grantee shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Subordinate Partnership Interest Option shall be given no later than thirty (30) days after the Special Limited Partner fails or declines to exercise its Partnership Interest Option, and which shall specify a closing date within ninety (90) days after the triggering event.

In the event of any claim, demand, dispute, lawsuit or lien arising in connection with the propriety of any exercise or purported exercise of the Refusal Rights or the Options, as applicable, either the Special Limited Partner (if the Project Option or the Partnership Interest Option is in issue) or Grantee (if Right of Refusal or the Subordinate Partnership Interest Option is in issue) shall indemnify, hold harmless and defend the Partnership and the Consenting Limited Partner against any and all costs, expenses and fees, including reasonable attorneys’ fees, incurred in connection with any such claim, demand, dispute, lawsuit or lien.

(c) Expiration; Priority. If the foregoing requirements and those set forth in Paragraph 8
hereof are not met as and when provided herein, the Options or the Refusal Right, or all of them, as applicable, shall expire and be of no further force or effect. Upon notice by the Special Limited Partner or Grantee of the Special Limited Partner’s or Grantee’s intent to exercise the Options or Refusal Right, as applicable, all of the other rights shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Project or the Limited Partner’s Partnership Interest, as the case may be, pursuant to such notice, all of the other rights shall expire and be of no further force or effect, provided that in the event that the Options and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, the Special Limited Partner or Grantee in its assignment, or such parties by written agreement, may specify any other order of priority consistent with the other terms and conditions of this Agreement.

7. **Determination of Price.** Upon notice by the Special Limited Partner or Grantee of its intent to exercise one of the Options, or notice by Grantee of its intent to exercise the Refusal Right, the Partnership and either the Special Limited Partner or Grantee, as applicable, shall exercise best efforts in good faith to agree on the purchase price for the Project or the Limited Partner’s Partnership Interest, as the case may be. Any such agreement shall be subject to the prior written consent of the Consenting Limited Partner, which shall not be withheld as to any purchase price determined properly in accordance with this Agreement.

8. **Contract and Closing.**

(a) Upon determination of the purchase price, the Partnership and the Special Limited Partner, in the case of exercise of the Project Option or the Partnership Interest Option, or the Partnership and Grantee, in the case of exercise of the Refusal Right or the Subordinate Partnership Interest Option, shall enter into a written contract for the purchase and sale of the Project or the Partnership Interest, as the case may be, in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area in which the Project is located, providing for a closing not later than the date specified in the notice of intent to exercise the Option or the Refusal Right, as applicable, or thirty (30) days after the purchase price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of any one of the Options or the Refusal Right, as applicable. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company.

(b) It shall be a condition precedent to the exercise of an Option with a closing date prior to the end of Compliance Period that the Special Limited Partner and Grantee (i) covenant and agree to maintain the Project as a qualified low-income housing project for the balance of the Compliance Period, (ii) satisfy all requirements of any bond or loan document affecting the Project applicable to such exercise of the Option, and (iii) obtain the consent of the Consenting Limited Partner (which shall include its tax counsel), in its sole discretion, for such exercise of the Option with a closing date prior to the end of the Compliance Period.
(c) It shall be a condition precedent of closing any transaction hereunder that the Partnership shall have received consent for such transaction from the State Housing Finance Agency, if required.

9. Assignment. If the Special Limited Partner elects not to exercise any of its rights under Section 1 of this Agreement, then, subject to the rights of the Grantee with regard to the Subordinate Partnership Interest Option, the Special Limited Partner may assign all or any of its rights under Section 1 of this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the Code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Project (each a “Permitted Assignee”) that demonstrates its ability and willingness to maintain the Project as low-income housing in accordance with the Use Restrictions, subject to the prior written consent of the Consenting Limited Partner, which shall not be unreasonably withheld if the proposed assignee demonstrates that it is reputable and creditworthy and is a capable, experienced owner and operator of residential rental property, and subject in any event to the conditions precedent to the Refusal Right grant and the Option prices set forth in Paragraphs 2 and 4 hereof.

Prior to any assignment or proposed assignment of its rights hereunder, the assigning party shall give written notice thereof to the Partnership, the other Partners, Grantee, and the Consenting Limited Partner. Upon any permitted assignment hereunder to any entity described hereinabove, references in this Agreement to Grantee shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of a Grantee’s rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of the assigning Grantee’s obligations under this Agreement and copies of such written agreement are delivered to the Partnership, the Partners, Grantee and the Consenting Limited Partner. This Agreement shall be binding upon the Limited Partner’s successors and assigns. Except as specifically permitted herein, Grantee’s rights hereunder shall not be assignable.

10. Miscellaneous. This Agreement shall be liberally construed in accordance with the laws of the state in which the Project is located in order to effectuate the purposes of this Agreement. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement. Neither this Agreement nor any memorandum or notice hereof shall be recorded. Capitalized terms not otherwise defined in this Agreement shall have the meaning given to such terms in the Partnership Agreement. The parties intend to fully comply with the Partnership’s obligations to the State Housing Finance Agency; accordingly, in the event of a conflict between this Agreement and the LURA, the LURA shall control.

SIGNATURES BEGIN ON FOLLOWING PAGE
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth hereinabove.

PARTNERSHIP:

GENERAL PARTNER:

LCBH-The Colony GP, L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, a Texas non-profit corporation, its Sole Member

By: [Signature]
Name: [Name]
Its: [Title]

GRANTEE OF REFUSAL RIGHTS:

LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas non-profit corporation

By: [Signature]
Name: [Name]
Its: [Title]

GRANTEE OF OPTIONS/REFUSAL RIGHTS:

CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: [Signature]
Name: Bradley E. Folslund, President

SIGNATURES CONTINUE ON FOLLOWING PAGE
The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

**Consenting Limited Partner:**

NEF ASSIGNMENT CORPORATION,
an Illinois not-for-profit corporation, as nominee

By: 

Name:  Karen Przybylski

Title:  Senior Vice President
EXHIBIT A

LEGAL DESCRIPTION OF
PROJECT REAL ESTATE
TRACT 1:

Being a tract of land situated in the B.B.B. & C.R.R. Co. Survey, Abstract No. 174, City of The Colony, Denton County, Texas, and being a part of a called 32.3378 acre tract of land described in a deed to Triangle Property 01, Ltd. (Undivided 71.168 % Interest) & Triangle Property 04, Ltd. (Undivided 18.832 % Interest), as recorded in Volume 5321, Page 3471, Real Property Records Denton County, Texas, and also being a tract of land described in a deed from Orchid Venture, Ltd. to Triangle Property 01, Ltd., as recorded in Instrument No. 2006-145303, Real Property Records Denton County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a X-cut found in concrete at the northeasterly corner of said 32.3378 acre tract, same being the southeasterly corner of Lot 1, Block A, of Estancia Addition, as recorded in Cabinet V, Page 164, of the Map Records of Denton County, Texas and also being on the westerly right of way line of Morning Star Drive, a 120-foot right of way, dedicated by Plat to the City of The Colony, as recorded in Cabinet Q, Page 4, of the Map Records of Denton County, Texas;

THENCE South 61°20'10" West, along the common line between said 32.3378 acre tract of land and said Lot 1, Block A, of Estancia Addition, departing the westerly right of way line of said Morning Star Drive, a distance of 346.09 feet to a corner, same being the POINT OF BEGINNING;

THENCE, departing said common line between said 32.3378 acre tract of land and said Lot 1, Block A, of Estancia Addition, through said 32.3378 acre tract of land the following courses and distances;

South 28°39'50" East, passing a 5/8-inch iron rod with "KHA" cap set for corner at a distance of 37.50 feet, continuing for a total distance of 440.83 feet to a 5/8-inch iron rod found for corner;

South 11°26'01" East, a distance of 141.13 feet to a 5/8-inch iron rod found for corner;

North 74°00'24" East, a distance of 403.36 feet to a corner on the westerly right of way line of Morning Star Drive, said corner being at the beginning of a non-tangent curve to the left, through a central angle of 01°10'53", a radius of 1455.00 feet and a chord bearing and distance of South 15°23'57" East, 30.00 feet;

THENCE along the westerly right of way line of said Morning Star Drive and also said curve to the left, an arc length of 30.00 feet to a corner;

THENCE, departing the westerly right of way line of said Morning Star Drive, through said 32.3378 acre tract of land the following courses and distances;

South 74°00'24" West, a distance of 403.36 feet to a 5/8-inch iron rod found for corner;

South 61°20'10" West, a distance of 194.70 feet to a 5/8-inch iron rod found
for corner;

North 28°39'50" West, passing a 5/8-inch iron rod with "KHA" cap set for corner at a distance of 529.00 feet, continuing for a total distance of 571.09 feet to a corner on the common line between said 32.3378 acre tract and Lot 1, Block A, of Sonoma Grande at the Legends Addition, as recorded in Cabinet W, Page 973, of the Map Records of Denton County, Texas;

THENCE North 61°20'10" East, along said common line between said 32.3378 acre tract and Lot 1, Block A, of Sonoma Grande at the Legends Addition, passing the common southerly corner between said Lot 1, Block A, of Estancia Addition and Lot 1, Block A, of Sonoma Grande at the Legends Addition, a distance of 30.55 feet and continuing for a total distance of 393.47 feet to the POINT OF BEGINNING and containing 5.331 acres or 232,229 sq. ft. of land, more or less.

TRACT 2:


TRACT 3:

Being those certain non-exclusive access easements for pedestrian and vehicular ingress and egress as described in that certain Easement Agreement by and between Triangle Property No. 4, Ltd., and Triangle Property No. 1, Ltd., and The Colony Senior Community, dated 12/__/2008, filed 12/__/2008, recorded in cc#___________, Official Public Records, Denton County, Texas.
EXHIBIT B

DESCRIPTION OF
REGULATORY AGREEMENTS

Title: Declaration of Land Use Restrictive Covenants [relating to a $3,000,000 HOME Loan]

Parties: Texas Department of Housing and Community Affairs and The Colony Senior Community, L.P.

Date: as of December 12, 2008

Recording Information: To be recorded no later than permitted pursuant to Internal Revenue Code Section 42.

Title: Declaration of Land Use Restrictive Covenants [relating to Housing Tax Credits]

Parties: Texas Department of Housing and Community Affairs and The Colony Senior Community, L.P.

Date: To be executed prior to the end of the first year of the Tax Credit Compliance Period.

Recording Information: To be recorded no later than permitted pursuant to Internal Revenue Code Section 42.
ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication asking for approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Brad – unfortunately NEF cannot provide permission to accommodate 811 units in NEF’s existing projects. The attached letter details the reasoning.

If you have any questions or need anything further, please let me know.

Thank you – Jason

Jason Aldridge  |  Vice President of Originations
NATIONAL EQUITY FUND  ®
5332 Longview St.
Dallas, TX 75206
Phone (972) 741-5150

From: Brad Forslund <bforslund@cri.bz>
Sent: Monday, January 28, 2019 12:08 PM
To: Jason Aldridge <jaldridge@nefinc.org>
Cc: Becky Villanueva <bvillanueva@cri.bz>
Subject: FW: Churchill at Golden Triangle TDHCA #19009

Jason,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from National Equity Fund that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

- Evergreen at Morningstar, Colony Texas
- Churchill at Champions Circle, Fort Worth Texas
- Evergreen at Vista Ridge, Lewisville Texas
- Evergreen at Arbor Hills, Carrollton Texas
- Evergreen at Rowlett, Rowlett Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential, Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Morningstar

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 5, 2019

Brad Forslund  
Churchill Residential  
5605 N. McArthur Blvd, Ste 580  
Irving, TX 75038  

Re: Churchill’s 811 Eligible Properties

Dear Mr. Forslund:

National Equity Fund (“NEF”) serves as the Limited Partner and LIHTC investor in five LIHTC properties that are operated by Churchill Residential (“Churchill”) and are eligible for the Section 811 Project Rental Assistance Program (“811”). The five properties are as follows:

- Evergreen at Morningstar – 6245 Morning Star Dr. The Colony, TX
- Churchill at Champions Circle – 3424 Outlet Blvd. Fort Worth, TX
- Evergreen at Vista Ridge – 455 Highland Dr. Lewisville, TX
- Evergreen at Arbor Hills – 2314 Parker Rd. Carrollton, TX
- Evergreen at Rowlett – 5611 Old Rowlett Rd. Rowlett, TX

Churchill has brought to NEF’s attention an inquiry to add 811 units to these existing properties. NEF has a responsibility to its investors to maintain the initial underwriting, operational, and risk profile of these projects contemplated at closing and thus we respectfully deny this request as it would present significant challenges for each project’s stakeholders. NEF’s denial is based on the following:

1. NEF’s LPA Requires Consent to Alter a Project’s Unit Mix/Restrictions for all 5 Churchill projects listed above – To use Evergreen at Rowlett as an example, stated in the Limited Partnership Agreement (LPA) under Section 6.2 Restrictions of GP’s Authority:

   *Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:*

   6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan and Subordinate Cash Flow Loans);
The documents referenced above spell out the various rent set asides, tenant targeting, operating revenues and expenses, etc. associated with the property – incorporating 811 units constitutes as a change to those documents and thus legally requires NEF’s written approval.

2. Economic Risk – currently none of the Churchill properties listed above include project based vouchers; it would take significant costs to train management, compliance, and accounting personnel to accommodate 811 vouchers as Churchill manages their own properties and thus cannot leverage the knowledge of a larger, third party property management firm. These additional upfront and on-going costs were not initially contemplated and underwritten at project closing. NEF recognizes that the 811 program provides subsidized rents that could potentially offset some or all of these costs; however, that determination would require an in-depth analysis (and potentially revised third party reports such as market study and appraisal) which would incur investor/lender costs that are in addition to the added on-going costs at the property level.

3. Operational Risk – The 5 properties above are stable, well performing communities with an active tenant base – 4 of the 5 are senior properties. These tenants are demanding, informed, and organized. It is unclear to NEF how the current tenant base will react to the potential of 811 tenants that were not contemplated when they made the decision to lease. The risk of increased tenant concerns and turnover is real even if the actual risk posed by 811 tenants is not.

To be clear, NEF does not have any issue with the 811 program and respects its purpose/mission as a worthy one. NEF plans to participate in many Texas communities going forward that include 811 units and NEF and the project’s stakeholders will have the ability to underwrite the program’s operational and economic implications at closing. However, it is extremely difficult and risky for NEF to recommend to our investors a significant change in unit restrictions, tenant targeting, economics, and operations after closing.

Please let me know if you have any questions regarding this matter.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund
TDHCA #09172 Evergreen at Vista Ridge

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☒ Yes – CONTINUE TO COVER PAGES
   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Vista Ridge

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: National Equity Fund

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.1, 6.2 & 6.3

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 44, 45, 46 & 48 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT

OF
VISTA RIDGE SENIOR COMMUNITY, L.P.

FEBRUARY 1, 2010

GENERAL PARTNER: PWA-VISTA RIDGE GP, L.L.C.
400 South Zang Boulevard
Suite 610, LB 21
Dallas, TX 75208-6600

LIMITED PARTNERS:
NEF Assignment Corporation, as nominee
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

MS Shared Investment Fund I LLC
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

SPECIAL LIMITED PARTNER: Churchill Residential, Inc.
5605 N. MacArthur Blvd.
Suite 580
Irving, Texas 75038

INITIAL LIMITED PARTNER: Bradley E. Forslund
5605 N. MacArthur Blvd.
Suite 580
Irving, Texas 75038

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THIS LIMITED PARTNERSHIP AGREEMENT OF THE PARTNERSHIP PROVIDES FOR ADDITIONAL RESTRICTIONS ON THE TRANSFERABILITY OF INTERESTS.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>STATEMENT OF AGREEMENT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 2: ORGANIZATION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>§2.1 Continuation of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>§2.2 Character and Purpose of Business</td>
<td>19</td>
</tr>
<tr>
<td>§2.3 Name of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>§2.4 Principal Place of Business</td>
<td>19</td>
</tr>
<tr>
<td>§2.5 Principal Office</td>
<td>19</td>
</tr>
<tr>
<td>§2.6 Agent for Service of Process</td>
<td>19</td>
</tr>
<tr>
<td>§2.7 Name and Address of General Partner</td>
<td>19</td>
</tr>
<tr>
<td>§2.8 Names and Addresses of Limited Partner</td>
<td>20</td>
</tr>
<tr>
<td>§2.9 Governmental Filings</td>
<td>20</td>
</tr>
<tr>
<td>§2.10 Term of Partnership</td>
<td>20</td>
</tr>
<tr>
<td>§2.11 Compliance with Laws</td>
<td>20</td>
</tr>
<tr>
<td>§2.12 Statutory Record-Keeping</td>
<td>20</td>
</tr>
<tr>
<td>§2.13 Related Party Debt</td>
<td>21</td>
</tr>
<tr>
<td>§2.14 Non-Confidential Tax Shelter</td>
<td>22</td>
</tr>
<tr>
<td>§2.15 Definitions</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 3: CAPITAL CONTRIBUTIONS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>§3.1 General Partner’s Capital Contributions</td>
<td>23</td>
</tr>
<tr>
<td>§3.2 Limited Partner’s Capital Contributions</td>
<td>23</td>
</tr>
<tr>
<td>§3.3 Intentionally Omitted</td>
<td>20</td>
</tr>
<tr>
<td>§3.4 Interest on Capital Contributions</td>
<td>32</td>
</tr>
<tr>
<td>§3.5 Withdrawal and Return of Capital Contributions</td>
<td>32</td>
</tr>
<tr>
<td>§3.6 Capital Accounts</td>
<td>32</td>
</tr>
<tr>
<td>§3.7 Partnership Loans</td>
<td>33</td>
</tr>
<tr>
<td>§3.8 Additional Capital Contributions</td>
<td>34</td>
</tr>
<tr>
<td>§3.9 Limited Partner’s Withdrawal Option</td>
<td>34</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>§4.1 Profit and Loss Allocations</td>
<td>35</td>
</tr>
<tr>
<td>§4.2 Special Allocations</td>
<td>35</td>
</tr>
<tr>
<td>§4.3 Timing of Allocations</td>
<td>39</td>
</tr>
<tr>
<td>§4.4 Other Allocation Rules</td>
<td>39</td>
</tr>
<tr>
<td>§4.5 Tax Effect of Allocations</td>
<td>39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 5: DISTRIBUTIONS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>§5.1 Distribution of Cash Flow</td>
<td>41</td>
</tr>
<tr>
<td>§5.2 Net Cash from Sales and Refinancings</td>
<td>42</td>
</tr>
</tbody>
</table>
§5.3 Timing of Distributions ................................................................. 43
§5.4 Treatment of Distributions .............................................................. 43
§5.5 Failure to Make Tax Elections .......................................................... 46

ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER .......... 44
§6.1 Management of Partnership ............................................................. 44
§6.2 Restrictions on General Partner's Authority ............................................... 44
§6.3 Representations, Warranties and Covenants of the General Partner .......... 47
§6.4 Specific Obligations of General Partner ..................................................... 57
§6.5 Fees for Services Rendered ............................................................... 72
§6.6 Outside Ventures of Partners ............................................................. 73
§6.7 Dealing With Affiliates ................................................................. 73
§6.8 Indemnification of Partnership and Limited Partner, Limitation on Liability .... 73
§6.9 Credit Reduction Payment .............................................................. 76
§6.10 Publicity and Promotional Events ....................................................... 81
§6.11 Co-General Partners ........................................................................ 81

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER ............. 82
§7.1 Limitation of Liability ............................................................... 82
§7.2 No Participation in Management ......................................................... 82

ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS ............................................. 83
§8.1 Books of Account ................................................................. 83
§8.2 Management Reports .............................................................. 83
§8.3 General Disclosure ............................................................... 85
§8.4 Tax Information ............................................................... 86
§8.5 Review of Compliance .............................................................. 88
§8.6 Failure to Provide Information ........................................................... 89

ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS ....... 90
§9.1 Voluntary Transfers ........................................................................... 90
§9.2 General Partner's Consent to Substitution as a Limited Partner ................. 91
§9.3 Involuntary Transfers .......................................................................... 91
§9.4 Distributions and Allocations with Respect to Transferred Partnership Interests 91
§9.5 Disposition of Project ......................................................................... 80
§9.6 Right of First Refusal and Purchase Option ............................................... 80

ARTICLE 10: TRANSFER OF GENERAL PARTNER'S PARTNERSHIP INTERESTS .... 92
§10.1 Voluntary Transfers .......................................................................... 92
§10.2 Involuntary Transfers .......................................................................... 93
§10.3 Continuation of Partnership After Involuntary Transfer of General Partner's Partnership Interests ............................................................................ 93
§10.4 Distributions and Allocations with Respect to Transferred Partnership Interests 94
§10.5 Voluntary Withdrawal .......................................................................... 94
§10.6 Removal of General Partner .............................................................. 94
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION ........................................ 98
§11.1 Dissolution ........................................................................................................ 98
§11.2 Winding Up and Termination ......................................................................... 98
§11.3 Compliance with Liquidation Requirements of Regulations .................... 99
§11.4 Rights and Obligations of Limited Partner Upon Dissolution .............. 100
§11.5 Waiver of Partition ........................................................................................ 100
§11.6 Final Accounting ........................................................................................... 100

ARTICLE 12: MISCELLANEOUS .............................................................................. 101
§12.1 Notices and Addresses ................................................................................. 101
§12.2 Pronouns and Plurals ................................................................................. 101
§12.3 Counterparts .................................................................................................. 101
§12.4 Applicable Law .............................................................................................. 101
§12.5 Successors ...................................................................................................... 101
§12.6 Severability .................................................................................................... 101
§12.7 Exhibits ........................................................................................................... 101
§12.8 Limitation of Benefits ................................................................................... 101
§12.9 Entire Agreement ............................................................................................ 101
§12.10 Broker's Commission and Indemnity .......................................................... 102
§12.11 Amendment of Partnership Agreement ....................................................... 102
§12.12 Power of Attorney ....................................................................................... 102

Appendix I - Projections

Exhibit A - Form of Specified Products Utilization Certification

Exhibit B - Form of Specified Products Utilization Plan

Exhibit C - Purchase Option and Right of First Refusal
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
VISTA RIDGE SENIOR COMMUNITY, L.P.
a Texas limited partnership

February 1, 2010

This Amended and Restated Limited Partnership Agreement (this “Partnership Agreement”) of Vista Ridge Senior Community, L.P., a Texas limited partnership (the “Partnership”), dated and effective as of the date first set forth above, is entered into by and among PWA-Vista Ridge GP, L.L.C., a Texas limited liability company (the “General Partner”), Churchill Residential, Inc., a Texas corporation (the “Special Limited Partner”), NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation (“NEF AC”), and MS Shared Investment Fund I LLC, a Delaware limited liability company (“MS Shared”). Bradley E. Forstlund, an individual, joins in this Partnership Agreement to evidence his withdrawal as Initial Limited Partner.

RECITALS

In this Partnership Agreement, terms in initial capital letters that are not defined elsewhere shall have the meanings given to them in Article I.

The Partnership was formed as a limited partnership under the Act pursuant to the Certificate of Formation and the Initial Agreement. The purposes of this Partnership Agreement are to (i) provide for the organization and continuation of the Partnership, (ii) provide for the admission of NEFAC, as a limited partner, (iii) provide for the admission of MS Shared, as a limited partner, (iv) provide for the withdrawal of the Initial Limited Partner as a partner, and (v) set forth more fully the rights, obligations, and duties of the Partners (as hereinafter defined).

Accordingly, it is agreed that the Initial Agreement is hereby amended and restated in its entirety by this Partnership Agreement.

ARTICLE 1: DEFINITIONS

The capitalized words and phrases used in this Partnership Agreement shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such words and phrases):
“10% Test” means the determination, made in accordance with §42(h)(1)(E) of the Code, that the Partnership’s basis in the Project is greater than ten percent (10%) of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Carryover Allocation for the Project was awarded.

“Accountant” means Novogradac & Co., or such certified public accountant as is selected by the General Partner with the prior written approval of the Limited Partner or identified by the LP pursuant to §8.6(c) herein.

“Accountant’s Carryover Certification” means the certification by the Accountant indicating that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

“Act” means the Texas Revised Business Organizations Code, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Actual Tax Credits” means the Tax Credits which the Partnership allocates to the Limited Partner (as determined by the Accountant) with respect to any taxable year.

“Addendum to Construction Contract” means the addendum that incorporates the requirements of the Specified Products Utilization Plan into the Construction Contract.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under any provision of this Partnership Agreement or is otherwise treated as being obligated to restore under Regulations §1.704-2(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of §1.704-2(g)(1) and §1.704-2(i)(5) of the Regulations; and (b) the debit to such Capital Account of the amounts described in §1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of §1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

“Affiliate” means, (a) with respect to any Person (or as to every Partner if no Person is specifically named), (i) such Person or any member of his Immediate Family; (ii) the legal representative, successor, or assign of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii), and (iii); and (v) any Person directly or indirectly controlling (10% or more), or under direct or indirect common control with, any Person referred to in any of the preceding clauses; and (b) with respect to the Limited Partner, any limited liability company or limited partnership in which the managing member or general partner, as applicable, is NEF or an Affiliate of NEF.

“Applicable Federal Rate” means the “applicable federal rate” as defined in Code §1274(d).
“Applicable Percentage” means the applicable percentage for the Project determined in accordance with §42(b)(1) of the Code.

“ARRA” mean the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

“Asset Management Fee” means an annual fee in the initial amount of $7,500, to be increased annually by three percent (3.0%).

“Asset Manager” means NEF Community Investments, Inc., an Illinois not-for-profit corporation.

“Assignee” means a Person to whom all or any part of a Limited Partner’s Partnership Interest has been transferred in a manner permitted under or contemplated by this Partnership Agreement, but who has not been admitted to the Partnership as a Substituted Limited Partner with respect to the transferred Partnership Interest.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner pursuant to §3.6.

“Capital Contribution” means, with respect to any Partner, the total amount of cash or any cash equivalents contributed and/or agreed to be contributed to the Partnership, including all adjustments thereto, as provided in this Partnership Agreement. Except for obligations incurred in connection with §§6.4(f)(i)-(ii), and any loans made in accordance with §3.7 hereof, any additional advances actually made by the General Partner shall be treated as a Capital Contribution of such General Partner for purposes of this Partnership Agreement. Any reference in this Partnership Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Partnership Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant this Partnership Agreement.

“Carryover Allocation” means any and all documents evidencing the allocation of Tax Credits for the Project by the State Housing Finance Agency as a result of the Partnership’s satisfaction of the 10% Test.

“Carryover Allocation Documents” means the Carryover Allocation for the Project from the State Housing Finance Agency, the Accountant’s Carryover Certification and, all other documents, including invoices and contracts, evidencing the costs incurred and included in the Accountant’s Carryover Certification for the Carryover Allocation.

“Cash Flow” means, with respect to any fiscal year of the Partnership, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) all principal and interest payments and other sums paid or due and payable on or with respect to the Construction Loan, Permanent Loan (to the extent such payments are required to be made from Gross Cash Receipts), and Subordinate Loan, excluding (i) loans payable solely from Cash Flow, (ii) loans to the Partnership
from the General Partner (including loans made pursuant to §3.7 or §6.4(f)(i), §6.4(f)(ii), or §6.4(f)(iii) hereof) and (iii) loans to the Partnership from the Limited Partner; (b) all cash expenditures incurred incident to the operation of the Partnership’s business other than those that are funded out of the Lease-Up Reserve Account or any reserve account that is set up for the Project (including, without limitation, any capital expenditures in excess of funds withdrawn from the Replacement Reserve for such purpose or paid from equity or development financing proceeds); (c) a Property Management Agent Fee; (d) all required deposits to the Replacement Reserve, including any arrearages, that must be funded; and (e) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Partners shall from time to time agree to establish.

"Certificate of Formation" means the Partnership’s certificate of formation prepared in accordance with the Act, dated August 20, 2009, and filed with the Filing Office on August 20, 2009.


"Closing Checklist" means the Project Investment Checklist containing the Project investment closing requirements of the Limited Partner.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

"Compliance Period" means, with respect to any building in the Project Property, the fifteen (15) taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in §42(i)(1) of the Code.

"Construction Completion" means the date upon which the Partnership has completed the construction of the Project substantially in accordance with the Project Documents and the Loan Documents, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Partnership Property has been completed substantially in accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis, provided, however, that the Partnership has delivered sufficient funds or cash equivalents in escrow, or has retained sufficient funds pursuant to the construction contract, to provide for the completion of such punch list items) and (b) a certificate of occupancy for all Units.

"Construction Completion Date" means the date on which Construction Completion is achieved, which in any event shall not exceed the end of the second year after the year in which the Project receives a Carryover Allocation or, if earlier, the date required by any Lender or State Agency.
“Construction Contract” means the construction contract (including the Addendum to Construction Contract and all exhibits and attachments thereto) entered into between the Partnership and the Contractor, pursuant to which the Project is to be constructed or rehabilitated, and the subcontract by which the Contractor subcontracts work to the Subcontractor.

“Construction Lender” means Sterling Bank, a Texas banking association, or another lender reasonably acceptable to the Limited Partner.

“Construction Loan” means that certain loan to the Partnership from the Construction Lender in the original principal amount of Seven Million Four Hundred Fifty Thousand and No/100 Dollars ($7,450,000.00), which loan is evidenced by that certain promissory note dated as of the date first written above, and other related documents.

“Construction Loan Conversion Date” means the date in which the (i) Construction Loan has been fully repaid pursuant to the Construction Loan Documents, (ii) closing and funding of the Permanent Loan pursuant to the Permanent Loan Documents, and (iii) satisfaction of the Permanent Loan Conversion Guaranty pursuant to §6.4(f)(iii) below.

“Construction Loan Documents” means any and all of the documents evidencing, securing, or related to the Construction Loan, including but not limited to the commitment letter, loan agreement, note and mortgage.

“Contractor” means PWA Coalition of Dallas, Inc., a Texas nonprofit corporation, which is the prime construction contractor for the Project.

“Cost Certification” means the following documents which must be delivered to the Limited Partner after Placement in Service of the Project (a) a letter from the Accountants in the form satisfactory to the State Housing Finance Agency and the Limited Partner certifying, among other things, that they have examined the books and records and will sign a tax return including the Project costs specified in the letter in Tax Credit basis, and (b) a certification by the General Partner that the Accountants’ letter accurately reflects actual Project costs.

“Credit Period” means, with respect to any building in the Project the period of one hundred and twenty (120) taxable months beginning with (a) the first full taxable month after the month in which the building is placed in service or (b) at the election of the taxpayer, the first month of the succeeding taxable year, but only if the building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects pursuant to Code §42.

“Credit Reduction Payment” shall have the meaning attributed thereto in §6.9 of this Partnership Agreement.

“Credit Shortfall” shall have the meaning attributed thereto in §6.9(c) of this Partnership Agreement.
"Debt Service Coverage Ratio" shall be defined as the Gross Cash Receipts for a fiscal year reduced by the sum of the following: (a) all cash expenditures incurred incident to the operation of the Partnership's business during such fiscal year (including, without limitation, operating expenses and capital expenditures not paid from any reserves) plus (b) the amount of cash that is necessary to fund the Replacement Reserve pursuant to §6.4(g), divided by all required principal and interest payments (excluding those payments that are payable solely out of Cash Flow such as payments on loans to the Partnership from the General Partner) including payments with respect to the Construction Loan, Permanent Loan or Subordinate Loans, and/or other loans to the Partnership.

"Deferred Development Fee" means the Development Fees that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Limited Partner or the Project financing.

"Developer" means, collectively, Churchill Communities, L.P., a Texas limited partnership, and PWA Coalition of Dallas, Inc. a Texas nonprofit corporation.

"Development Agreement" means the Development Agreement entered into or to be entered into by the Partnership and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

"Development Fee" and "Developer Fee" mean the fee in the amount of One Million Six Hundred Forty-Three Thousand Six Hundred Fifty-Two and No/100 Dollars ($1,643,652.00) described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

"Disposition Fee" means the fee described in §6.5(d).

"Eighth Installment" has the meaning set forth in §3.2(a)(viii) of this Partnership Agreement.

"Eligible Basis" means, generally, the adjusted basis of a building for depreciation purposes determined as of the close of the first taxable year of the Credit Period, subject to certain exclusions as set forth in the Code.

"Environmental Certification" means delivery to the Limited Partner, upon completion of rehabilitation or construction, of a certification by the General Partner that the Project has been completed in accordance with the recommendations contained in the environmental report(s) for the Project.

§4821 et seq.; (ix) the Occupational Safety and Health Act of 1970, 29 U.S.C. §651 et seq.; (x) any other similar state or local law, or (xi) any regulation adopted or publication promulgated pursuant to any such laws”.

“Extended Use Agreement” means the extended low-income housing commitment entered into between the Partnership and the State Housing Finance Agency pursuant to §42(h)(6) of the Code.

“Filing Office” means the Secretary of State of the Project State.

“Fifth Installment” has the meaning set forth in §3.2(a)(v) of this Partnership Agreement.

“First Installment” has the meaning set forth in §3.2(a)(i) of this Partnership Agreement.

“First Year Tenant Files” means such information or documents that evidence the tenant’s qualification to occupy the Tax Credit Unit, including, but not limited to, tenant applications, executed tenant lease agreements, tenant income and asset certifications and verifications, student status verification, and rent rolls obtained by the Property Management Agent with respect to those tenants who occupy the Tax Credit Units during the period beginning with the date that the Project achieves Placement in Service and ending with the date that the Project achieves Qualified Occupancy.

“Form 8609” means the IRS Form 8609 (Low-Income Housing Tax Credit Allocation Certification) issued by the State Agency for each residential building in the Project which finally allocates Tax Credits to such residential building.

“Fourth Installment” has the meaning set forth in §3.2(a)(iv) of this Partnership Agreement.

“General Partner” means PWA-Vista Ridge GP, L.L.C., a Texas limited liability company, whose sole member is PWA Coalition of Dallas, Inc., a Texas non-profit corporation, or any other Person who becomes a successor general partner pursuant to §10.1, §10.2 or §10.3. If there is more than one General Partner, they are referred to herein singularly and collectively as the General Partner, as the context may require or suggest.


“Gross Cash Receipts” means all cash received from the operations of the Partnership, including all government subsidies due and payable at such time but not yet received by the Partnership and including security deposits properly released in accordance with resident lease agreements and the proceeds of rental interruption insurance, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds other than rental interruption insurance, condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.
"Guarantor" means those entities and/or individual comprising Guarantor Group A and Guarantor Group B.

"Guarantor Group A" means Turtle Creek Crestpark, LLC, a Texas limited liability company.

"Guarantor Group A Letter of Credit" means that certain letter of credit, pursuant to terms and conditions acceptable to the Limited Partners in their sole and reasonable discretion, from Guarantor Group A for the benefit of the Limited Partner in the amount of Five Hundred Thousand and No/100 Dollars ($500,000.00).

"Guarantor Group B" means Churchill Residential, Inc., a Texas corporation, Bradley Forslund, an individual, and Anthony Sisk, an individual, joint and several.

"Guaranty Agreements" means, collectively, the Guaranty Agreement between the Guarantor Group A and the Limited Partner and the Guaranty Agreement between the Partnership and Guarantor Group B, all dated as of the date hereof whereby the Guarantors guarantee certain obligations as set forth in the Guaranty Agreements.

"Hazardous Substance" means any substance defined in any Environmental Law as a hazardous substance, including, but not limited to, any hazardous material, hazardous waste, toxic substance or toxic waste lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, petroleum, benzene, toluene, ethylbenzene or xylene (BTEX), methyl tertiary butyl ether (MTBE) underground storage tanks, polychlorinated biphenyls (PCBs), radon, or any other pollutant that may have a material adverse effect on the Project.

"HOME" means the HOME Investment Partnership Act authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. 12701, et seq.

"Immediate Family" means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law and sisters-in-law, each whether by birth, marriage or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

"Initial Agreement" means the Partnership's original limited partnership agreement entered into as of August 20, 2009, by PWA-Vista Ridge GP, L.L.C., as the General Partner, Churchill Residential, Inc., as Special Limited Partner and Bradley E. Forslund as Initial Limited Partner.

"Initial Limited Partner" means Bradley E. Forslund, an individual.

"Involuntary Event" means, with respect to any Partner any one of the following events: (a) the making of an assignment for the benefit of creditors by the Partner; (b) the filing of a voluntary petition in bankruptcy by the Partner; (c) the adjudication of the Partner as a bankrupt or insolvent; (d) the filing of a petition or answer by the Partner seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a
trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner's properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

"Involuntary Transfer" means any transfer of any Partner's Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.

"IRS" means the Internal Revenue Service.

"Lease-up Reserve" means Two Hundred Twenty-Two Thousand Four Hundred Ninety-Six and No/100 Dollars ($222,496.00) deposited in the Lease-Up Reserve Account pursuant to Section 6.4(g)(i).

"Lease-up Reserve Account" means a segregated Partnership bank account established to hold the Lease-up Reserve, as described in Section 6.4(g)(i).

"Lender" or "Lenders" means the Construction Lender, the Permanent Lender and/or the Subordinate Lender, as the context requires.

"Limited Partner" means, collectively, NEFAC and MS Shared, or any Person who becomes a Substituted Limited Partner pursuant to §9.1, §9.2, or §9.3. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

"Liquidation Manager" means any Person selected by the Limited Partner.

"Loan Documents" means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

"Market Rate Units" means Project units that are not subject to the Tax Credit income limitations under §42 of the Code.


"Net Cash from Sales and Refinancings" means, with respect to any fiscal year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount
if applicable), and (d) application of the refinancing proceeds for the use for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with the sale or other disposition of Project Property.

“Nonrecourse Deduction” has the meaning set forth in §1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for any fiscal year of the Partnership equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that fiscal year reduced (but not below zero) by the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined in accordance with §1.704-2(c) of the Regulations.

“Nonrecourse Liability” has the meaning set forth in §1.704-2(b)(3) of the Regulations.

“Operating Deficit” means the amount by which the collected revenues of the Partnership from rental payments made by tenants of the Project (including governmental subsidies received during such period) and all other revenues of the Partnership (including the proceeds of rental interruption insurance but excluding Capital Contributions, proceeds of any loans to the Partnership, investment earnings on funds on deposit in the reserve fund for replacements and other such reserve or escrow funds or accounts, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) for a particular period of time is exceeded by the sum of all of the operating expenses, including all required debt service, operating and maintenance expenses, taxes, assessments, required deposits into the reserve fund for replacements and other reserve or escrow accounts, a ratable portion of the annual amount of seasonal and/or periodic expenses (including, but not limited to, utilities, maintenance expenses and real estate taxes, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation), any fees to lenders and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures that become due and payable (excluding payments for construction of the Project, debt service payments payable solely out of Cash Flow, deposits to the reserves payable solely out of Cash Flow, and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner to the Partnership pursuant to this Agreement and other financing sources) during the same period of time. In computing the Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital improvements (excluding payments for construction of the Project) during the period described above shall also be taken into account, unless such amounts are funded from Project reserves. Operating Deficits shall be measured on a monthly basis and funded as necessary during the Operating Deficit Guaranty Period.

“Operating Deficit Guaranty Amount” means Four Hundred Thirty Thousand Five Hundred and Fifty Seven and No/100 Dollars ($430,557.00).

“Operating Deficit Guaranty Period” means the period beginning with the date in which the Project achieves Stabilized Occupancy and ending on the date that is five (5) years from achievement of Stabilized Occupancy; provided, however, (i) if in the fifth year of such period,
the Partnership fails to achieve a Debt Service Coverage Ratio of 1.15 or better, and (ii) the Operating Reserve is funded in an amount less than the Operating Reserve Target Amount, then such period shall be extended until such time as the Partnership shall achieve a Debt Service Coverage Ratio of 1.15 or better, measured on a 12-month basis, and the Operating Reserve is funded in an amount not less than the Operating Reserve Target Amount.

"Operating Reserve" means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in §6.4(g)(ii).

"Operating Reserve Account" means a segregated Partnership bank account established by the General Partner to hold the Operating Reserve, as described in §6.4(g)(ii).

"Operating Reserve Target Amount" means Four Hundred Thirty Thousand Five Hundred and Fifty Seven and No/100 Dollars ($430,557.00) and maintained as described in §6.4(g)(ii).

"Overall Cost Goal" means the amount identified as the Overall Cost Goal in the Specified Products Utilization Plan based upon (a) the overall quantity of Specified Products identified in the Specified Products Utilization Plan and (b) the overall cost of such Specified Products as determined by the actual unit prices for the Specified Products obtained by the Subcontractor and approved by the Asset Manager in the course of construction of the Project or, in the absence of such actual unit prices, the Special Limited Partner’s initial estimate of the unit prices for the Specified Products, as set forth in the Specified Products Utilization Plan. The Asset Manager must approve any change in the quantity and/or cost of Specified Products identified in the Specified Products Utilization Plan.

"Partner" or "Partners" means the General Partner, Special Limited Partner and Limited Partner, either individually or collectively.

"Partner Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with §1.704-2(i) of the Regulations.

"Partner Nonrecourse Debt" has the meaning set forth in §1.704-2(b)(4) of the Regulations.

"Partner Nonrecourse Deductions" has the meaning set forth in §1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership fiscal year equals the net increase during that fiscal year in Partner Nonrecourse Debt reduced (but not below zero) by the proceeds of the Partner Nonrecourse Debt distributed during that fiscal year to the Partner bearing the economic risk of loss for the Partner Nonrecourse Debt that are both attributable to the Partner Nonrecourse Debt and allocable to an increase in Partner Minimum Gain, as determined in accordance with §1.704-2(i)(2) of the Regulations.

"Partnership" means Vista Ridge Senior Community, L.P.
"Partnership Agreement" means this Amended and Restated Limited Partnership Agreement of the Partnership, as amended from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder” refer to this Partnership Agreement as a whole, unless the context otherwise requires.

"Partnership Interest" means, as to any Partner, such Partner’s right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership under this Partnership Agreement and the Act.

"Partnership Minimum Gain" has the meaning set forth in §1.704-2(d) of the Regulations.

"Partnership Property" means all real and personal property acquired by the Partnership and any improvements thereto, and shall include both tangible and intangible property.

"Permanent Credit Reduction" has the meaning set forth in §6.9(a) hereto.

"Permanent Credit Reduction Adjustment" has the meaning set forth in §6.9(a) hereto.

"Permanent Lender" means Oak Grove Commercial Mortgage, LLC, or another lender reasonably acceptable to the Limited Partner.

"Permanent Loan" means that certain mortgage loan from the Permanent Lender to the Partnership in the original principal amount not to exceed Two Million Two Hundred Fifty Thousand and No/100 Dollars ($2,250,000.00).

"Permanent Loan Conversion Guaranty" has that meaning set forth in §6.4(f)(iii).

"Permanent Loan Documents" means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note and mortgage.

"Person" means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Placement in Service" means occurrence of all of the following: (a) substantial completion of rehabilitation or construction, (b) issuance of certificate(s) of occupancy for all Residential Units in the Project (it being agreed that temporary certificates of occupancy shall be acceptable if (i) such certificates permit occupancy of all of the Residential Units and any community building that is a part of the Project, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the Units and/or any community building on a full paying basis, (iii) the conditions set forth for obtaining permanent certificates of occupancy for all Residential Units and any community building are readily achievable as determined by the
Limited Partner in its reasonable discretion, and (iv) the Partnership has made adequate provision, to the reasonable satisfaction of the Limited Partner, for the payment and completion of any work that remains to be performed), and (c) placement in service as defined by federal tax law for qualified basis and Tax Credits.

“Plans and Specifications” mean the plans and specifications as supplemented by any change orders approved by the Limited Partner in accordance herewith.

“Post-Closing Document Delivery Agreement” means that certain agreement by and between the General Partner, the Special Limited Partner and the Limited Partner, dated as of the date hereof, with respect to certain ancillary documents that are required to be delivered by the General Partner to the Limited Partner within a short period of time after closing.

“Prime Rate” means the interest rate announced from time to time by Citibank, N.A., or its successor, as its prime lending rate, expressed as a percent per annum. The “Prime Rate” shall be determined on a daily basis.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, except as provided for in §4.2(m), determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the Regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership Property is revalued in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership Property shall be taken into account as gain or loss from the disposition of such Partnership Property for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership Property which has been revalued pursuant to §1.704-1(b)(2)(iv)(f) of the Regulations and with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted value of such Partnership Property, notwithstanding that the adjusted tax basis of such Partnership Property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership Property which has been revalued in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to §§4.2(a) and (d) through (o) shall not be taken into account in computing Profits or Losses.

“Project Closing Checklist” means the Limited Partner’s most recent checklist of items that must be submitted to the Limited Partner and approved by the Limited Partner before it will enter the Partnership.

“Project Documents” means any or all of the agreements or contracts related to the construction of the Project, including Plans and Specifications, Loan Documents, architect
agreement, management agreement, fee agreements, and any other document or instrument
executed in connection with the development and operation of the Project.

"Project Property" or "Project" means the affordable housing rental project to be known as
Evergreen at Vista Ridge Apartments, which project will be located at 455 Highland Drive,
Lewisville, Texas 75067, and will be comprised of five (5) buildings containing one hundred
twenty (120) Residential Units, administration offices, community rooms, central laundry
facilities, underground and surface parking, a playground, and all furnishings, equipment and
personal property used in connection with the operation thereof. It is expected that one-hundred
twenty (120) Residential Units will be rented to low- and very low-income households, and zero
(0) Residential Units will be a Market Rate Unit.

"Project State" means Texas.

"Projected First Tax Credit Year" means 2011.

"Projected Second Tax Credit Year" means 2012.

"Projected Tax Credits" means the product of (i) 99.99%, multiplied by (ii) the Tax
Credits expected to be allocable to the Project. The Tax Credits expected to be allocable to the
Project during each year of the Credit Period for purposes of making the calculation set forth in
the preceding sentence are $650,631 for the year 2011, $1,476,432 for the year 2012, $1,501,456
for each year of 2013 through 2020, $850,825 for the year 2021, and $25,024 for the year 2022,
as shown in the Projections attached hereto. The Projected Tax Credits shall be deemed amended
and revised to reflect the Projected Tax Credits calculated in any revised Projections prepared
pursuant to §6.9(a) and §6.9(b) of this Partnership Agreement.

"Projections" means the projections attached hereto as Appendix I, as they may be amended
pursuant to this Partnership Agreement.

"Property Management Agent" or "Management Agent" means initially Churchill
Residential Management, L.P., a Texas limited partnership, or such other Property Management
Agent as is selected by the General Partner from time to time or identified by the Limited Partner
pursuant to §6.4(1) with the prior written consent of the Asset Manager.

"Property Management Agent Fee" means a fee of up to 5.12% of the gross collected rents
from the Project payable to the Property Management Agent, as described in the Property
Management Agreement.

"Property Management Agreement" means the Property Management Agreement entered
into or to be entered into by the Partnership and the Property Management Agent pursuant to which
the Property Management Agent shall have primary responsibility for overseeing the management
of the Project Property, as described in §6.4(i).

"QAP" means the Qualified Allocation Plan for the Project State.
“Qualified Basis” has the meaning set forth in §42(c) of the Code.

“Qualified Occupancy” means the initial occupancy of 100% of the Tax Credit Units by qualified tenants pursuant to §42 of the Code.

“Qualified Occupancy Date” means March 31, 2012.

“Regulations” means the Federal Income Tax Regulations (including without limitation, Temporary Regulations) promulgated under the Code, as the same may be amended from time to time (including corresponding provisions of successor regulations).

“Regulatory Agreement” means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any Lender, or any applicable government agency setting forth certain terms and conditions under which the Project is to be operated.

“Replacement Reserve” means the amount of funds required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in §6.4(g)(iii).

“Replacement Reserve Account” means a segregated Partnership bank account held by the General Partner or the Permanent Lender and established to hold the Replacement Reserve, as described in §6.4(g)(iii).

“Residential Units” means the individual residential rental housing Tax Credit Units and the Market Rate Units located on the Project Property.

“Revenue Deficit Reserve” means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits described in Section 6.4(g)(iv).

“Revenue Deficit Reserve Account” means a segregated Partnership bank account established by the General Partner to hold the Revenue Deficit Reserve, as described in Section 6.(g)(iv).

“Right-Sized Permanent Loan Amount” means the maximum permanent loan amount that produces a debt service payment (based on the Permanent Loan interest rate and terms contained in the Projections) that, when combined with all other actual cash expenditures (included in the definition of Debt Service Coverage Ratio), yields a debt service coverage ratio of 1.15 or better for each of the three (3) consecutive months after Construction Completion or, if applicable, immediately prior to the conversion of the Construction Loan to the Permanent Loan.

“Second Installment” has the meaning set forth in §3.2(a)(ii) of this Partnership Agreement.
“Seventh Installment” has the meaning set forth in §3.2(a)(vii) of this Partnership Agreement.

“Sixth Installment” has the meaning set forth in §3.2(a)(vi) of this Partnership Agreement.

“Special Limited Partner” means Churchill Residential, Inc., a Texas corporation.

“Specified Manufacturer’s Products Cost Goals” means the amounts identified as the Specified Manufacturer’s Products Cost Goals in the Specified Products Utilization Plan based upon (a) the quantity of Specified Products identified by manufacturer in the Specified Products Utilization Plan and (b) the cost of such Specified Products identified by manufacturer as determined by the actual unit prices for the Specified Products obtained by the Subcontractor and approved by the Asset Manager in the course of construction of the Project or, in the absence of such actual unit prices, the Special Limited Partner’s initial estimate of the unit prices applicable to the Specified Products for each manufacturer, as set forth in the Specified Products Utilization Plan. The Asset Manager must approve any change to the quantity of Specified Products in the Specified Products Utilization Plan.

“Specified Products” means the construction materials and services and related manufacturers identified in the Specified Products Utilization Plan.

“Specified Products Utilization Certification” means a certification made by the Special Limited Partner and the Subcontractor and acknowledged and approved by the Asset Manager in the form attached hereto as Exhibit A in connection with each monthly construction draw, with a final certification to be delivered by the General Partner to the Asset Manager upon 100% completion of the construction of the Project.

“Specified Products Utilization Plan” means the agreement entered into by and between the Special Limited Partner and the Asset Manager, in the form attached hereto as Exhibit B, that identifies the Specified Products that must be incorporated into the Project and the Overall Cost Goal and the Specified Manufacturer’s Products Cost Goals, as the same may be amended from time to time to reflect actual cost information provided by the Special Limited and approved by the Asset Manager in the course of construction of the Project.

“Sponsor” means PWA Coalition of Dallas, Inc., a Texas nonprofit corporation.

“Stabilized Occupancy” means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three (3) consecutive months; (b) the collected revenues (not including operating expenses) for any three (3) consecutive calendar months (including all government subsidies due and payable at such time and the proceeds of rental interruption insurance but not yet received by the Partnership, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) from those Residential Units equal or exceed each of the following: (i) the 2012 projected revenues (not including operating expenses) as set forth in the Projections for the same three (3) month period; and (ii) the sum of the

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following for the same 3 month period: (A) all actual accrued operational costs of the Project, including, without limitation, administrative expenses of the Partnership, maintenance costs, insurance, utilities, Management Agent fee, taxes, assessments, and replacement reserve deposits, and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes, if applicable) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations, but excluding the Deferred Development Fee, the Incentive Partnership Management Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow; plus (B) all actual required debt service payments (provided that debt service payments for this purpose shall not include those that are to be paid solely out of Cash Flow), which costs and expenses described in the preceding clauses (A) and (B) shall be evidenced by a certification of the General Partner (accompanied by an unaudited balance sheet of the Partnership) confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Partnership on the date of such certification; and (c) the amount of the Permanent Loan does not exceed the Right-Sized Permanent Loan Amount. For the purpose of this definition, operational costs of the Partnership shall be the greater of the Partnership’s actual operational costs for such period determined in the manner described hereinabove or the anticipated operational costs for such period determined on an accrual basis in accordance with the annual operating budget described in §8.2(c) below and allocated ratably over twelve months of the Partnership accounting year.

“State Housing Finance Agency” means the agency controlling the allocation of Tax Credits and administering the Tax Credits, which in certain limited instances may be a local city agency.

“Subcontractor” means ICI Construction, Inc., a Texas corporation, which is the construction subcontractor for the Project.

“Subordinate Lenders” means the State Housing Finance Agency together with any successors or assigns in such capacity, reasonably acceptable to the Limited Partner.

“Subordinate Loan” means the loan expected to be made from the following Subordinate Lender in the amount set forth after its name:

<table>
<thead>
<tr>
<th>Lender</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Housing Finance Agency - HOME Loan</td>
<td>$2,100,000.00</td>
</tr>
<tr>
<td>2. State Housing Finance Agency - TCAP Funds</td>
<td>$3,408,272.00</td>
</tr>
</tbody>
</table>

“Subordinate Loan Documents” means any and all of the documents evidencing, securing, or related to each of the Subordinate Loan, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan, and the TCAP Funds Documents.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner or a Special Limited Partner to the Partnership pursuant to §9.2 or §9.3 in place of and with all the rights of a limited partner under the Partnership Agreement and the Act.
“Tax Credit” or “Credit” means the low income housing tax credit under §42 of the Code.

“Tax Credit Units” means Project units that are subject to the Tax Credit income limitations under §42 of the Code.

“Tax Matters Partner” means the General Partner acting in its capacity designated in §6.4(c).

“TCAP Funds” means the loan from the Subordinate Lender to the Partnership made pursuant to the TCAP Program.

“TCAP Funds Documents” means any and all of the documents evidencing, securing, or related to the TCAP Funds, including but not limited to the award letter, written agreement, and mortgage.

“TCAP Program” means the Tax Credit Assistance Program described in Title XII of the ARRA, whereby HUD will award grants to the State Housing Finance Agency to facilitate development of projects that receive or will receive awards of Tax Credits.

“TCAP Program Requirements” means any and all requirements for receiving and maintaining the TCAP Funds as set forth in Title XII of the ARRA, any award or approval letter from the State Housing Finance Agency, and any other rules, regulations, guidelines or notices published by the IRS or Treasury from time to time with respect to the TCAP Program that are applicable to the Project.

“Ten Percent Due Date” means December 1, 2010.

“Third Installment” has the meaning set forth in §3.2(a)(iii) of this Partnership Agreement.

“Timing Reduction” means the reduction in the Capital Contribution of the Limited Partner designed to compensate the Limited Partner for the reduced present value of delayed Tax Credits.

“Timing Shortfall” means, for any fiscal year, the difference between the Actual Tax Credits and the Projected Tax Credits for any year in the Project’s Credit Period which is attributable to a delayed receipt of Tax Credits.

“Treasury” means the United States Department of the Treasury, including the United States of America acting through the Treasury.

“Voluntary Transfer” means any sale, assignment, transfer, pledge, or hypothecation of any Partnership Interests by a Partner, except for an Involuntary Transfer.
ARTICLE 2: ORGANIZATION

§2.1 Continuation of Partnership. The Partnership was formed by filing of the Certificate of Limited Formation with the Filing Office on August 20, 2009, and by the execution of the Initial Agreement. The Partners desire to continue the Partnership under and pursuant to the provisions of the Act. By executing this Partnership Agreement, the parties hereto agree that the Initial Agreement is hereby amended and restated in its entirety and the Limited Partner is hereby admitted to the Partnership on the terms and conditions set forth herein, and by executing the withdrawal signature page hereof, the Initial Limited Partner hereby concurrently withdraws from the Partnership, all to become effective upon filing of an amended Certificate of Formation reflecting such changes if and to the extent required by the Act.

§2.2 Character and Purpose of Business. The general character and purpose of the business of the Partnership is: (a) primarily to acquire, construct, own, finance, lease, and operate the Project Property in a manner that provides decent, safe and affordable housing for low-income persons and ensures that the Project Property will be and remain a qualified low income housing project within the meaning of §42 of the Code and consistent with the charitable purposes of the sole member of the General Partner; (b) to eventually sell or otherwise dispose of the Project Property in a manner consistent with the provisions of this Partnership Agreement; and (c) to engage in all other activities incidental or related thereto.

§2.3 Name of Partnership. The name of the Partnership is “Vista Ridge Senior Community, L.P.”.

§2.4 Principal Place of Business. The address of the principal place of business of the Partnership shall be 400 South Zang Boulevard, Suite 610, LB 21, Dallas, TX 75208-6600, or such other address as the Partners may select from time to time.

§2.5 Principal Office. The address of the principal office of the Partnership is 400 South Zang Boulevard, Suite 610, LB 21, Dallas, TX 75208-6600, or such other address as the Partners may select from time to time.

§2.6 Agent for Service of Process. The Partnership’s agent for service of process is Churchill Residential, Inc., a Texas corporation, or such other agent as the General Partner may select from time to time with written notice to the Limited Partner. The address of the agent for service of process is 5605 N. MacArthur Blvd., Suite 580, Irving, Texas 75038.

§2.7 Name and Address of General Partner. The name and address of the General Partner is:

PWA-Vista Ridge GP, L.L.C.
400 South Zang Boulevard
Suite 610, LB 21
Dallas, TX 75208-6600
§2.8 **Name and Address of Limited Partner and Special Limited Partner.** The name and address of the Limited Partner is:

**Limited Partners:**
NEF Assignment Corporation
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

MS Shared Investment Fund I LLC
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606

**Special Limited Partner:**
Churchill Residential, Inc.
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038

§2.9 **Governmental Filings.** The General Partner shall make all governmental filings as are necessary or appropriate to qualify the Partnership (a) to do or continue to do business in the Project State and any other jurisdiction in which it is doing business and is required to so qualify or (b) to otherwise carry out the purposes and intent of this Partnership Agreement. In addition, the General Partner shall timely and properly file of record the Extended Use Agreement.

§2.10 **Term of Partnership.** The term of the Partnership began on August 20, 2009 (the date on which the Certificate of Formation was first filed with the Filing Office) and the Partnership will continue in existence unless it is earlier dissolved and terminated in accordance with the provisions of this Partnership Agreement.

§2.11 **Compliance with Laws.** The Partnership shall comply with all applicable provisions of the Act, and any other applicable statutes and local ordinances governing limited partnerships in the Project State, as well as any other applicable laws of any federal, state, or local government or agency having legal jurisdiction over the Partnership and the Project (including without limitation, Environmental Laws).

§2.12 **Statutory Record Keeping.** The Partnership shall keep at its principal place of business the following and any and all other items required by the Act:

(a) a current list of the full name and last known address of each Partner, separately identifying each general partner and all limited partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner;
(b) a copy of the Certificate of Formation of the Partnership, as amended or restated from time to time, together with executed copies of any powers of attorney pursuant to which any such certificate has been executed;

(c) copies of the Partnership’s federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

(d) a copy of the Partnership Agreement, any original or prior written partnership agreements of the Partnership, and any amendments thereto;

(e) financial statements of the Partnership for the three (3) most recent years.

§2.13 Related Party Debt. The Partners agree that any entity that is a lending institution having a direct or indirect ownership or beneficial interest in the Limited Partner (a “Related Lender”) may at any time make, guarantee, own, acquire, or otherwise credit-enhance, in whole or in part, a loan secured by a mortgage, deed of trust, or other security instrument encumbering the Project (a “Related Lender Loan”). Under no circumstances shall a Related Lender be considered to be acting on behalf or as an agent or the alter ego of the Limited Partner or any of its members, partners, or beneficiaries in making a Related Lender Loan. A Related Lender may in its discretion take any actions that it determines advisable in connection with a Mortgage Loan, including enforcement actions. The Partners hereby acknowledges that no Related Lender owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Lender’s direct or indirect ownership or beneficial interest in the Partnership (the “Related Lender’s Equity Interest”). Neither the Partnership nor any other Partner shall make any claim against a Related Lender, or against the Limited Partner or any other entity through which the Related Lender owns the Related Lender’s Equity Interest, relating to a Related Lender Loan and alleging any breach of fiduciary duty, duty of care, or any other duty whatsoever to the Partnership, the Limited Partner, or such other Partner, based in any way upon the Related Lender’s Equity Interest. As used herein, the term “Limited Partner” includes its successors and assigns, as applicable.

§2.14 Non-Confidential Tax Shelter. Any obligations of confidentiality contained in or applicable to this Partnership Agreement shall not apply to the federal tax structure or federal tax treatment of the Partnership or the transactions contemplated herein. Each Partner and its employees, representatives, and agents may disclose to any and all persons, without limitation of any kind, such federal tax structure and treatment and such transactions. The Partnership interest shall not be treated as having been issued under conditions of confidentiality for purposes of Treasury Regulations §1.6011-4(b)(3) or any successor provision. Each Partner agrees that it has no proprietary or exclusive rights to the federal tax structure of the Partnership, the transactions contemplated herein, or federal tax matters or ideas related to such transactions.

The General Partner shall promptly notify the Limited Partner and the Special Limited Partner if it learns that the Partnership has participated in any reportable transaction within the meaning of Treasury Regulations §1.6011-4(b)(3).
§2.15 **Definitions.** All capitalized words and phrases used in this Partnership Agreement (other than the full names and addresses of the Partners and governmental subdivisions and agencies) have the meanings set forth in Article 1.
ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS

§3.1 General Partner’s Capital Contributions.

(a) The General Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of One Hundred and No/100 Dollars ($100.00) in exchange for a 0.01% General Partner’s Partnership Interest, and, upon the execution of this Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

(b) The General Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement. The General Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

(c) If the Partnership has not paid all amounts due as a Deferred Development Fee by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make an additional Capital Contribution to the Partnership in the amount of the outstanding balance of the Deferred Development Fee, and any accrued and unpaid interest thereon, and the Partnership shall use this Capital Contribution to pay the remaining balance of the deferred Developer Fee, and any accrued and unpaid interest thereon.

§3.2 Limited Partner’s Capital Contributions. The Limited Partner shall make Capital Contributions to the Partnership in the aggregate amount of Eleven Million Five Hundred Sixty One Thousand Five Hundred Fifty-Six and No/100 Dollars ($11,561,556.00) (Ten Million Six Hundred Fifty Six Thousand Two Hundred Eighty Seven and No/100 Dollars ($10,656,287.00) from NEF AC and Nine Hundred Five Thousand Two Hundred Seventy and Noll 00 Dollars ($905,270.00) from MS Shared) in exchange for a 99.99% Limited Partner Partnership Interest in the Partnership (the “Limited Partner Capital Contribution”). The Limited Partner Capital Contributions shall be paid as equity pursuant to §3.2(a) for Project related costs (other than non-deferred Developer Fee approved by the Limited Partner) (“Project Equity”) and pursuant to §3.2(b) for the non-deferred portion of the Developer Fee (“Non-Deferred Developer Fee Equity”). Subject to §6.9 and the other terms and conditions of this Partnership Agreement, the Limited Partner’s Capital Contributions will be made as follows:

(a) Project Equity.

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $1,021,385 ($941,410 from NEFAC and $79,974 from MS Shared) in cash (the “First Installment”), less $45,000, which shall
be paid directly to the Limited Partner to reimburse it for its due diligence and closing costs in conjunction with its acquisition of an interest in the Partnership:

(A) Receipt and approval by the Asset Manager of all of the Limited Partner’s Project Closing Checklist requirements (except for those documents reflected in the Post-Closing Document Delivery Agreement);
(B) Receipt and approval by the Asset Manager of satisfactory evidence that construction of the Project has commenced;
(C) Admission of the Limited Partner to the Partnership; and
(D) January 31, 2010.

Notwithstanding anything to the contrary in this Section 3.2(a)(i), the Limited Partner may, in its sole discretion, pay a portion of the First Installment equal to the amount required to pay actual Project costs that have been incurred at anytime prior to the above conditions having been met. Any portion of the First Installment that is not paid due to the application of the preceding sentence will be held by Limited Partner and paid as and when actual Project costs intended to be funded by the First Installment are incurred and the above conditions have been met.

(ii) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $133,498 ($123,045 from NEFAC and $10,453 from MS Shared) in cash (the “Second Installment”):

(A) Satisfactory completion of 50% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager's construction inspector;
(B) Receipt of the Carryover Allocation Documents, if not previously provided, and approval of such Documents by the Asset Manager’s tax counsel;
(C) Receipt by the Asset Manager of all documents set forth in the Post-Closing Document Delivery Agreement;
(D) Receipt and approval by the Asset Manager of Specified Products Utilization Certifications for all prior and concurrent monthly construction draw requests;
(E) Satisfaction of all of the conditions to the payment of all prior installments;
(F) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and
(G) January 1, 2011.
$133,498 of this installment shall be used to fund the Partnership Lease-up Reserve Account.

Notwithstanding anything to the contrary in this Section 3.2(a)(ii), the Limited Partner may, in its sole discretion, pay a portion of the Second Installment equal to the amount required to pay actual Project costs that have been incurred at anytime prior to the above conditions having been met. Any portion of the Second Installment that is not paid due to the application of the preceding sentence will be held by Limited Partner and paid as and when actual Project costs intended to be funded by the Second Installment are incurred and the above conditions have been met.

(iii) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $88,998 ($82,029 from NEFAC and $6,969 from MS Shared) in cash (the “Third Installment”):

(A) Satisfactory completion of One-Hundred percent (100%) of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(B) Receipt of a satisfactory draft Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(C) Receipt and approval by the Asset Manager of all draft Permanent Loan Documents and, if applicable, a letter from the Construction Lender setting forth the amount required for the repayment in full of the Construction Loan and the requisite account wiring information with respect to where such funds must be deposited;

(D) Receipt by the Asset Manager of at least temporary Certificates of Occupancy for all Project Residential Units and, if applicable, all commercial space;

(E) Receipt by the Asset Manager of an architect’s certification indicating that all the work has been substantially completed in accordance with the plans and specifications provided to, and approved by, the Asset Manager;

(H) Receipt and approval by the Asset Manager of Specified Products Utilization Certifications for all prior monthly construction draw requests, together with the final Specified Products Utilization Certification;

(I) Satisfaction of all of the conditions to the payment of all prior installments;
(J) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(K) June 1, 2011.

$88,998 of this installment shall be used to fund the Partnership Lease-up Reserve Account.

Notwithstanding anything to the contrary in this Section 3.2(a)(iii), the Limited Partner may, in its sole discretion, pay a portion of the Third Installment equal to the amount required to pay actual Project costs that have been incurred at anytime prior to the above conditions having been met. Any portion of the Third Installment that is not paid due to the application of the preceding sentence will be held by Limited Partner and paid as and when actual Project costs intended to be funded by the Third Installment are incurred and the above conditions have been met.

(iv) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $5,286,215 ($4,872,305 from NEFAC and $413,910 from MS Shared) in cash (the “Fourth Installment”):

(A) Verification to the satisfaction of the Asset Manager that Qualified Occupancy of all Project Tax Credit Units have been achieved;

(B) Receipt by the Asset Manager of executed Permanent Loan documents that have been previously approved by the Asset Manager;

(C) Receipt by the Asset Manager of satisfactory evidence of the General Partner’s performance under the Permanent Loan Conversion Guaranty;

(D) Verification to the satisfaction of the Asset Manager that the Project has achieved Stabilized Occupancy;

(E) Completion of any outstanding punch list items to the reasonable satisfaction of the Asset Manager;

(F) Receipt of a final Owner’s Title Insurance Policy in satisfactory form;

(G) Receipt of an ALTA “As-Built” Survey of the Project;

(H) Receipt of final lien waivers from the Contractor;

(I) Receipt of a satisfactory final Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(J) Receipt by the Asset Manager of final Certificates of Occupancy for all Project Residential Units and, if applicable, all commercial space;
(K) Receipt by the Asset Manager of satisfactory evidence that all reserves, including, but not limited to, the Operating Reserve Account and Replacement Reserve Account have been established by the General Partner and funded at the required levels (the funding levels may be met with funds from this installment);

(L) Receipt by the Asset Manager of satisfactory Environmental Certification in the form provided by the Asset Manager;

(M) Receipt of all required tax-abatement approval documentation in acceptable form and an opinion from the General Partner's counsel regarding the availability of such tax-abatement;

(N) Satisfaction of all of the conditions to the payment of all prior installments;

(O) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(P) July 1, 2012.

$430,557 of this installment shall be used to fund the Partnership Operating Reserve Account.

All Capital Contributions made with respect to the First Installment, Second Installment, Third Installment, and Fourth Installments shall be made by wire transfer to the Partnership at the Partnership’s designated disbursement account maintained with the Construction Lender.

(v) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership $200,000 ($184,340 from NEFAC and $15,660 from MS Shared) in cash (the “Fifth Installment”):

(A) Receipt by the Asset Manager and acceptance of the first year’s tax return and K-1 for the Partnership after Qualified Occupancy is achieved;

(B) Receipt by the Asset Manager of satisfactory evidence that the General Partner has made an election to be taxed as a corporation;

(C) Receipt by the Asset Manager of satisfactory evidence that the General Partner has made an election under Code §168(h)(6)(F)(ii) in accordance with the procedures set forth in Treasury Regulations §301.9100-7T(a), or any successor provision, for the making of such election;

(D) Receipt by the Asset Manager of a fully executed Form 8609 (including an executed Part 2) issued for each building in the Project;
(E) Receipt by the Asset Manager of a copy of the filed
Extended Use Agreement;
(F) Receipt by the Asset Manager of recorded copies of all
previously executed and recorded Permanent Loan
Documents;
(G) Satisfaction of all of the conditions to the payment of all
prior installments;
(H) Receipt and approval by the Asset Manager of any
outstanding delivery items required by this Partnership
Agreement; and
(I) July 1, 2012.

$200,000 of this installment shall be used to fund the Partnership
Revenue Deficit Reserve Account.

(vi) Upon the satisfaction of all of the following conditions, the Limited
Partner shall pay to the Partnership $1,136,091 ($1,047,135 from NEFAC and
$88,956 from MS Shared) in cash (the “Sixth Installment”):

(A) December 1, 2018.

$1,136,091 of this installment shall be used to repay the TCAP
Funds in accordance with the TCAP Funds Documents.

(vii) Upon the satisfaction of all of the following conditions, the Limited
Partner shall pay to the Partnership $1,136,091 ($1,047,135 from NEFAC and
$88,956 from MS Shared) in cash (the “Seventh Installment”):

(A) December 1, 2019.

$1,136,091 of this installment shall be used to repay the TCAP
Funds in accordance with the TCAP Funds Documents.

(viii) Upon the satisfaction of all of the following conditions, the Limited
Partner shall pay to the Partnership $1,136,091 ($1,047,135 from NEFAC and
$88,956 from MS Shared) in cash (the “Eight Installment”):

(A) December 1, 2020.

$1,136,091 of this installment shall be used to repay the TCAP
Funds in accordance with the TCAP Funds Documents.

Notwithstanding anything to the contrary in §3.2 above, the Asset Manager may,
in its sole and absolute discretion, waive any one or more of the requirements set forth in
§3.2(a)(i) - (v) above and pay that installment of Project Equity; provided, however, any
requirement that is waived must be satisfied prior to the payment by the Limited Partner of the respective Developer Fee Equity pursuant to §3.2(b)(i) - (v) below.

(b) **Non-Deferred Developer Fee Equity.** The Partnership shall pay to the Developer the Developer Fee upon satisfaction of the terms and conditions set forth in the Development Agreement and this Partnership Agreement. Such Developer Fee shall be payable under this §3.2(b) in the amount not to exceed the Non-Deferred Developer Fee Equity. Any amount in excess of the Non-Deferred Developer Fee Equity shall be deferred pursuant to this §3.2(b).

(i) Upon (A) the satisfaction of all of the requirements set forth in §3.2(a)(i) above, and (B) receipt by the Asset Manager of satisfactory evidence that construction and/or rehabilitation of the Project has commenced, the Limited Partner shall pay to the Partnership $192,130 ($177,086 from NEFAC and $15,044 from MS Shared) in cash which shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “First Developer Fee Installment”).

(ii) Upon the satisfaction of all of the requirements set forth in §3.2(a)(ii) and §3.2(b)(i) above, the Limited Partner shall pay to the Partnership $142,319 ($131,175 from NEFAC and $11,144 from MS Shared) in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Second Developer Fee Installment”).

(iii) Upon the satisfaction of all of the requirements set forth in §3.2(a)(iii) and §3.2(b)(ii) above, the Limited Partner shall pay to the Partnership $92,507 ($85,264 from NEFAC and $7,243 from MS Shared) in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Third Developer Fee Installment”).

(iv) Upon the satisfaction of all of the requirements set forth in §3.2(a)(iv) and §3.2(b)(iii) above, and the following requirement below, the Limited Partner shall pay to the Partnership $925,072 ($852,639 from NEFAC and $72,433 from MS Shared) in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Fourth Developer Fee Installment”):

(A) Receipt and approval by the Limited Partner of a satisfactory Guarantor Group A Letter of Credit.

(v) Upon the satisfaction of all of the requirements set forth in §3.2(a)(v) and §3.2(b)(iv) above, the Limited Partner shall pay to the Partnership $71,159 ($65,587 from NEFAC and $5,572 from MS Shared) in cash which sum shall be used by the Partnership to pay a portion of the Developer Fee that is payable under the Development Agreement (the “Fourth Developer Fee Installment”).
A portion in the Developer Fee in the amount of $220,464 that is not projected to be paid out of the Limited Partner's Capital Contribution or the Project financing shall be payable from available Cash Flow, with interest thereon at the rate of four percent (4.0%), compounding annually and, if applicable, as provided in §3.1(c), above, subordinated to any Cash Flow payments to be made to the Limited Partner in satisfaction of a required Credit Reduction Payment. If any principal and/or accrued interest on the Deferred Development Fee remain unpaid by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make a Capital Contribution to the Partnership, as provided for in §3.1(c) above, in an amount sufficient to enable the Partnership to pay the outstanding amount of the Deferred Development Fee.

Notwithstanding anything to the contrary herein, if there are any cost savings with respect to the construction of the Project ("Cost Savings"), such Cost Savings shall be distributed, subject to the approval of the Asset Manager, in the following order: (A) first, in accordance with §5.1(a)(i) through (iii) hereof, (B) second, to reduce the amount of the Permanent Loan Gap Amount (which shall not be deemed loans by the General Partner or the Special Limited Partner), as set forth in §6.4(f)(iii), and (C) to the Developer as an incentive construction oversight fee in an amount not to exceed such amount as permitted by the State Housing Finance Agency or in any of the Loan Documents.

(c) The obligation to pay the amounts due under §3.2(a) (except with respect to Section 3.2(c)(vi) below) and (b) is expressly conditioned upon each of the following requirements, in addition to those requirements that are set forth above, being satisfied at all times prior to and including the due dates of the above payments:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in this Partnership Agreement (including, without limitation, those covenants and obligations set forth in §6.3);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Capital Contribution payment (including, without limitation, those set forth in §6.3);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 hereof, it being acknowledged and agreed that any penalty assessed against the General Partner under §8.6(a) for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Developer Fee payable under §3.2(b), and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under §3.2(b) and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward
payment of the Developer Fee (to be allocated 1.38% to PWA Coalition of Dallas, Inc., and 98.62% to Churchill Communities, L.P.);

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner’s financial or business condition or operations that affects (or with the passage of time will affect) its ability to perform its obligations hereunder;

(v) There has been no change in any law or regulation which would adversely affect the ability of the Partnership to generate Tax Credits; and

(vi) If there has been a Specified Products Reduction Adjustment, as described in Section 6.9(f) the amounts shown as Non-Deferred Developer Fee installment payments in Section 3.2b) shall have been reduced in accordance with such Specified Products Reduction Adjustment in a manner approved by the Asset Manager.

(d) The General Partner shall deliver to the Limited Partner, not more than thirty (30) days nor less than ten (10) business days prior to the due date of each installment of the Limited Partner’s Capital Contribution, the General Partner’s written certification that each of the conditions set forth in §3.2(c), above, has been satisfied.

(e) Subject to the provisions set forth above, if a Limited Partner’s interest in the Partnership is liquidated (within the meaning of Regulations §1.704-1(b)(2)(ii)(g)) prior to the payment of the Limited Partner’s entire Capital Contribution pursuant to this §3.2, and this Limited Partner does not or has not provided a negotiable promissory note to evidence its obligation to pay its Capital Contribution, the Limited Partner shall pay no later than the end of the taxable year of the Partnership in which the Limited Partner’s interest is liquidated or, if later, within ninety (90) days after the date of the liquidation the lesser of (1) the unpaid balance of its Capital Contribution; and (2) its negative Capital Account balance.

§3.3 Security Agreement. The Limited Partner hereby pledges to the Partnership and grants the Partnership a security interest in its Partnership Interest as security for its obligation to make all Capital Contributions hereunder and agrees that the Partnership shall have, in addition to the rights provided for herein, all of the rights and remedies of a secured party under the Uniform Commercial Code of the Project State with respect to the Partnership Interest in the event of the failure of the Limited Partner to make its capital contributions when and as provided herein, in whole or in part. In furtherance of the foregoing pledge, the Limited Partner hereby authorizes the Partnership to file one or more Uniform Commercial Code Financing Statements (“Financing Statements”) in the State of Illinois and in the Project State; provided, however, that the Partnership shall (i) provide the Limited Partner with a copy of each such Financing Statement at least five (5) business days prior to the filing thereof; and (ii) modify any such Financing Statement and file any necessary modifications or terminations thereof as reasonably requested by the Limited Partner. Upon failure by the Limited Partner to make its Capital Contributions, in whole or in part, within the applicable notice and cure period,
the Partnership may, but shall not be required to, realize upon such collateral by disposing of the Partnership Interest of such defaulting Limited Partner at public or private sale, at which the Partnership, any Partner, or any third party may bid. If any notification of an intended disposition of the collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition. The proceeds of any sale shall be applied in the following order of priority:

(a) to the payment of reasonable out-of-pocket costs and expenses of such sale, or resale of the Partnership Interest if the Partnership was the successful bidder at such sale, and of admission of the purchaser to the Partnership;

(b) to the payment of the capital contribution in respect to which the default occurred and any other past-due obligations of the defaulting Limited Partner to the Partnership; and

(c) to the defaulting Limited Partner as to any excess.

Such a sale shall not release the defaulting Limited Partner from its obligations hereunder, and such defaulting Limited Partner shall remain jointly and severally liable with the purchaser of the Partnership Interest to make all required contributions in respect to the foreclosed Partnership Interest and to pay all expenses of the Partnership in connection with any such sale and/or the collection of the amount due hereunder, provided that any contributions actually made to the Partnership by the purchaser at such sale shall be applied against the amount due from the defaulting Limited Partner. The defaulting Limited Partner shall not obtain any interest in the profits or losses, Cash Flow, proceeds of capital transactions, or other operating or capital items of the Partnership after the foreclosure sale of the Partnership Interest by virtue of any subsequent payments made to the Partnership, as aforesaid.

§3.4 Interest on Capital Contributions. The Partnership shall not pay any Partner interest on its Capital Contribution.

§3.5 Withdrawal and Return of Capital Contributions. Except as provided elsewhere herein, no Partner has the right; (a) to withdraw any part of its Capital Contribution from the Partnership; (b) to demand a return of its Capital Contribution; or (c) to receive property other than cash in return for its Capital Contribution.

§3.6 Capital Accounts.

(a) The Partnership shall maintain for each Partner a separate capital account in accordance with §1.704-1(b) of the Regulations. The Capital Account of each Partner consists of the amount of its Capital Contribution, and will be (1) increased by (i) the fair market value of any property contributed by it to the Partnership, (ii) the amount of any Partnership liability assumed by such Partner or which is secured by any Partnership Property distributed to such Partner, and (iii) its allocable share of Profits and any items of income or gain specially allocated to it pursuant to §§4.2 (d) through (o), and (2) decreased...
by (i) the amount of any cash distributed to it, (ii) the fair market value of any Partnership Property distributed to it, (iii) the amount of any liability of such Partner assumed by the Partnership or which is secured by any property contributed by such Partner to the Partnership, and (iv) its allocable share of Losses and any items of loss or deduction specially allocated to it pursuant to §§4.2 (d) through (o).

(b) If any Partnership Interests are transferred in accordance with the terms of this Partnership Agreement, then the transferee will succeed to the Capital Account of the transferor to the extent it relates to the transferred Partnership Interest. Upon the occurrence of any of the following events, the Partnership shall revalue the Partnership Property and adjust the Partners’ Capital Accounts to reflect the gain (or loss) that would have been allocated to each Partner if all the Partnership Property had been sold at its fair market value immediately prior to the occurrence of any of the following events, and if required to cause the provisions herein regarding the maintenance of Capital Accounts to comply with §1.704(b) of the Regulations:

(i) Any new or existing Partner acquiring an additional interest in the Partnership in exchange for more than a de minimis Capital Contribution;

(ii) The Partnership distributing to a Partner more than a de minimis amount of property or money in consideration for an interest in the Partnership; or

(iii) The “liquidation” of the Partnership within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, other than a “liquidation” resulting from a termination under §1.708-1(b)(1)(ii) of the Regulations.

The revaluation of the Partnership Property referred to in the immediately preceding sentence will be made in accordance with §1.704-1(b)(2)(iv)(f) of the Regulations.

The foregoing provisions and all other provisions of this Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with §1.704-1(b) of the Regulations and will be interpreted and applied in a manner consistent with such Regulations.

§3.7 Partnership Loans. Subject to the limitations set forth in §6.2(f), if from time to time the Partnership needs funds in excess of those provided by the Construction Loan, Permanent Loan, Subordinate Loan, Capital Contributions of the Partners, and funds required to be provided by the General Partner or any Affiliate of the General Partner pursuant to any obligation hereunder or any other agreement (such as pursuant to §§6.4(f)(i), §6.4(f)(ii), and §6.4(f)(iii)), any Partner or other person, organization, or institution may loan such additional funds to the Partnership at an interest cost to the Partnership and upon such terms, as agreed upon by the General Partner in its reasonable discretion, subject to compliance with the terms of existing loan agreements and this Partnership Agreement. Any loan made by a General Partner or an Affiliate of a General Partner will not bear interest in excess of the long term annual compounding Applicable Federal Rate. Any loan made hereunder by a Partner will be paid as provided in §5.1 and §5.2 hereof.
§3.8 Additional Capital Contributions. Except as expressly provided in this Partnership Agreement, no Partner is required to make contributions to the capital of the Partnership.

§3.9 Limited Partner’s Withdrawal Option. In the event that the following events have not occurred by the specified dates, unless such dates are waived or extended in writing by the Limited Partner, then the Limited Partner may, at its sole option and discretion, withdraw from the Partnership at any time unless and until it waives such withdrawal right in writing:

<table>
<thead>
<tr>
<th>Event</th>
<th>Completion or Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commencement of construction of the Project as evidenced in a manner as reasonably required by the Asset Manager.</td>
<td>1. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
<tr>
<td>2. Submission of all outstanding items in the Post-Closing Document Delivery Agreement</td>
<td>2. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
</tbody>
</table>

Upon any such withdrawal, the Partnership shall (i) immediately return to the Limited Partner all Capital Contributions actually made to the Partnership by the Limited Partner, plus all expenses reasonably incurred by the Limited Partner in connection with entering into and withdrawing from the Partnership, and (ii) execute and file a release of the Limited Partner’s UCC Financing Statement securing its Capital Contribution obligation, and the Partners shall execute an amendment to the Partnership Agreement, the General Partner shall execute, file, and record, as applicable, an amendment to the Partnership’s Certificate of Formation, reflecting the withdrawal of the Limited Partner and the release of all of the Limited Partner’s obligations and liabilities in connection with the Partnership, all of the foregoing documents to be in form and content satisfactory to the Limited Partner. Notwithstanding any failure or delay in such execution and delivery, however, the Partnership Agreement shall be deemed to have been amended in accordance with the provisions of this §3.9 once the Limited Partner has provided the General Partner with written notice of its intent to withdraw. Nothing herein shall be construed to diminish any of the General Partner’s obligations under the Partnership Agreement to issue final accounting and tax reports to the Limited Partner for all periods prior to its withdrawal and in which its withdrawal occurred.
ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS

§4.1 Profit and Loss Allocations. Except as otherwise provided in §4.2, Profits and Losses for any fiscal year of the Partnership are allocated among the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.009%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.001%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.990%</td>
</tr>
<tr>
<td>Total</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

§4.2 Special Allocations. Notwithstanding anything to the contrary contained in §4.1, the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under §4.1:

(a) Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated 0.009% to the General Partner, 0.001% to the Special Limited Partner and 99.99% to the Limited Partner.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(b) Limitation on Allocations of Losses. To the extent the allocation of any Losses to a Limited Partner would cause that Limited Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Partnership, then those Losses will not be allocated to that Limited Partner, but rather will be specially allocated to the General Partner.

(c) Profit Chargeback. To the extent any Losses are allocated to the General Partner in accordance with subparagraph (b) of this §4.2, then Profits will thereafter first be specially allocated to the General Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such allocations of Losses made to the General Partner under such subparagraph (b) but (2) not to the extent that Losses would be allocated to the Limited Partner in excess of the amount permitted by such subparagraph (b).

(d) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, then each Partner will be specially allocated items of Partnership income or gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to the portion of such Partner's share of the net decrease in the Partnership Minimum
Gain (determined in accordance with §1.704-2(g) of the Regulations). Any allocations made pursuant to this subparagraph (d) are to be made in proportion to the respective amounts required to be allocated to each of the Partners pursuant thereto. The items of Partnership income or gain specially allocated under this subparagraph (d) are to be determined in accordance with §1.704-2(f) of the Regulations. This subparagraph (d) is intended to comply with the minimum gain chargeback requirements of §1.704-2(f) of the Regulations and will be interpreted consistently therewith.

(e) **Partner Minimum Gain Chargeback.** Notwithstanding any other provision of this Article 4 (except subparagraph (d) of this §4.2), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership fiscal year, then each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with §1.704-2(i)(5) of the Regulations) will be specially allocated items of Partnership income and gain for such fiscal year (and if necessary, subsequent fiscal years) in an amount equal to the portion of such Partner’s share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with §1.704-2(i)(4) of the Regulations). Any allocations made pursuant to this subparagraph (e) will be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items of Partnership income or gain specially allocated under this subparagraph (e) will be determined in accordance with §1.704-2(i)(4) of the Regulations. This subparagraph (e) is intended to comply with the minimum gain chargeback requirements of §1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

(f) **Qualified Income Offset.** If a Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Limited Partner as quickly as possible. The special allocations required pursuant to this subparagraph (f) are made only if and to the extent that that Limited Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this subparagraph (f) were not in the Partnership Agreement. This subparagraph (f) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(g) **Gross Income Allocation.** If a Limited Partner has a deficit balance in its Capital Account at the end of any Partnership fiscal year which exceeds the sum of (1) the amount that Limited Partner is obligated to restore pursuant to any provision of this Partnership Agreement and (2) the amount that Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of §1.704-2(g)(1) and 1.704-2(ii)(5) of the Regulations, then that Limited Partner will be specially allocated items of Partnership income or gain in the amount of such excess as quickly as possible. The special allocations required pursuant to this subparagraph (g) are made only if and to the extent that that Limited Partner would have a deficit Capital Account in excess of the aforementioned sum.
after all of the allocations provided for in this Article 4 have been tentatively made as if subparagraph (f) and this subparagraph (g) were not in the Partnership Agreement.

(h) **Nonrecourse Deductions.** Nonrecourse Deductions are specially allocated among the Partners in accordance with the same percentages set forth in §4.1 with respect to Profits and Losses.

(i) **Partner Nonrecourse Deductions.** Partner Nonrecourse Deductions are specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with §1.704-2(i) of the Regulations.

(j) **§754 Adjustment.** To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under §1.704-1(b)(2)(iv)(m) of the Regulations, then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the Regulations.

(k) **Imputed Interest.** To the extent the Partnership has taxable interest income with respect to any Capital Contribution pursuant to §483 or §§1271 through 1288 of the Code, then (i) such interest income will be specially allocated to the Partner to whom such Capital Contribution relates, and (ii) the amount of such interest income will be excluded from the Capital Contributions credited to such Partner’s Capital Account in connection with the payments of principal with respect to such Capital Contribution.

(l) **Curative Allocations.** The special allocations set forth in subparagraphs (d) through (i) of this §4.2 are intended to comply with the requirements of §1.704-1(b) of the Regulations. These special allocations may lead to results, which are inconsistent with the Partners’ intentions concerning their sharing in Partnership distributions. Accordingly, the General Partner is hereby authorized and directed to specially allocate other items of Partnership income, gain, loss, and deduction among the Partners so as to prevent the special allocations required under subparagraphs (d) through (i) of this §4.2 from distorting the Partners’ understanding of the manner in which Partnership distributions are to be made to the Partners upon the dissolution and termination of the Partnership. In general, it is anticipated that the special allocations, if any, made under this subparagraph (l) are made by specially allocating other items of Partnership income, gain, loss, and deduction among the Partners so that the sum of the special allocations made to each Partner pursuant to subparagraphs (d) through (i) of this §4.2 equals the sum of the special allocations made under this subparagraph (l).
(m) **Matching Income Allocation of Income or Gain from Sales and Refinancing Proceeds.** All items of Partnership income or gain arising from events resulting in Net Cash from Sales or Refinancings are allocated:

(i) first, as specified in §4.2(d) through (g), (j) and (l) and §4.4(c) of this Partnership Agreement;

(ii) second, if after the allocation of Profits and Losses for the fiscal year in which the gain arose, any Limited Partner has a negative Capital Account balance, 99.99% to the Limited Partner, 0.001% to the Special Limited Partner and 0.009% to the General Partner, until each Limited Partner’s negative Capital Account balance is equal to zero;

(iii) third, 99.99% to the Limited Partner, 0.001% to the Special Limited Partner and 0.009% to the General Partner, until each Limited Partner’s positive Capital Account balance equals any amount to be distributed to the Limited Partner pursuant to §§5.2(a)(i) and 5.2(a)(ii); and

(iv) fourth, to the Partners in accordance with the percentages specified in §5.2(b).

(n) **Grant Income.** Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner, except that this provision shall not apply to the extent that the Project will be financed with tax-exempt bond proceeds. In addition, if the General Partner is (i) a “tax-exempt entity” within the meaning of §168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of §168(h)(6)(F)(iii) of the Code and has not made the election under §168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this §4.2 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

(o) **Special Adjustment.** The special allocations in this §4.2(o) shall apply notwithstanding any provision of this Partnership Agreement to the contrary. Prior to making any special allocations set forth in this §4.2, items of expenses and other deductions (other than depreciation, amortization, cost recovery deductions and Nonrecourse Deductions) equal to the sum of the amount of any loans to the Partnership made by the General Partner or any of its Affiliates pursuant to or for the purposes described in §§3.7 and 6.4(f)(i), 6.4(f)(ii) and 6.4(f)(iii) are specially allocated to the General Partner in each tax year in which any such loan is made. Further, if any loans of the General Partner or its Affiliates are repaid by the Partnership from Cash Flow pursuant to §5.1(a), the General Partner shall be specially allocated an amount of gross income equal to the lesser of (i) the amount of such repayment, or (ii) the aggregate amount of expenses and deductions specifically allocated to the General Partner under this §4.2(o). If the General Partner is (i) a “tax-exempt entity” within the meaning of §168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of §168(h)(6)(F)(iii) of the Code and has
not made the election under §168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this §4.2 (o) shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

§4.3 **Timing of Allocations.** Except as otherwise expressly provided in this Partnership Agreement, all allocations of Profits, Losses, and Tax Credits are to be made as of the last day of each fiscal year of the Partnership.

§4.4 **Other Allocation Rules.** The following rules apply for the purpose of interpreting and applying the provisions of this Article 4 relating to the allocation of Profits, Losses, and Tax Credits among the Partners:

(a) **Excess Nonrecourse Liabilities.** Solely for purposes of determining a Partner’s proportionate share of the “excess nonrecourse liabilities” of the Partnership within the meaning of §1.752-3(a)(3) of the Regulations, the Partners’ respective interests in Partnership Profits shall be those percentage interests set forth in §4.1 (determined without regard to §4.2).

(b) **Effect of Cash Distributions.** To the extent permitted by §1.704-2(h) and §1.704-2(i)(6) of the Regulations, the General Partner shall endeavor to treat distributions of Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Limited Partner.

(c) **Recharacterization of Fee as Distribution.** If any fee or portion thereof payable to any Partner or any Affiliate thereof is determined to be a nondeductible distribution from the Partnership to a Partner for federal income tax purposes, there will be allocated to such Partner an amount of gross income equal to such distribution.

(d) **Allocation and Distributions Among Limited Partners.** Any adjuster, allocation, or distribution to the Limited Partners shall be 92.17% to NEFAC and 7.83% to MS Shared.

§4.5 **Tax Effect of Allocations.** Except as otherwise required under the second paragraph of this §4.5, the allocation of Profits, Losses, and Tax Credits to any Partner under this Article 4 is deemed an allocation to that Partner of the same proportionate part of each separate item of Partnership taxable income, gain, loss, deduction, or credit comprising such Profits, Losses, and Tax Credits, including, without limitation, any “unrealized receivable” or “substantially appreciated inventory item” under §751 of the Code. The Partners are aware of the income tax consequences of the allocations made pursuant to this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their respective shares of Partnership income, gain, loss, deduction, and credit for income tax purposes.

Notwithstanding anything to the contrary contained in this Article 4, income, gain, loss, deduction, and credit with respect to any Partnership Property contributed to the capital of the
Partnership by any Partner is, solely for tax purposes, allocated among the Partners so as to take into account any variation between the adjusted tax basis of such Partnership Property to the Partnership for federal income tax purposes and the value assigned to such Partnership Property for the purposes of the computation of the Partners’ Capital Accounts. If any revaluation of the Partnership Property is made by the General Partner (which revaluation may only be made with the consent of the Limited Partner) then any subsequent allocations of income, gain, loss, deduction, and credit with respect to such Partnership Property will take into account any variation between the adjusted tax basis of such Partnership Property for federal income tax purposes and the value assigned to such Partnership Property as a result of such revaluation. All allocations required under this paragraph of §4.5 are solely for purposes of federal, state, and local income taxes. These allocations do not affect and must not in any way be taken into account in computing any Partner’s Capital Account or any Partner’s share of Profits, Losses, Tax Credits or other items or distributions required or permitted to be made pursuant to any provision of this Partnership Agreement. This §4.5 is intended to conform to §704(c) of the Code.
ARTICLE 5: DISTRIBUTIONS

§5.1 Distribution of Cash Flow.

(a) Cash Flow shall be paid, prior to the making of any distributions pursuant to §5.1(b) hereof, in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to §6.9 hereof;

(ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

(iii) Third, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

(iv) Fourth, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to §3.7;

(v) Fifth, to the Developer to pay any unpaid balance on the Deferred Development Fee;

(vi) Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to §3.7;

(vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to §6.4(f)(i), §6.4(f)(ii) or §6.4(f)(iii) and not yet repaid; and

(viii) Eighth, ninety percent (90.0%) of the balance, if any, to the General Partner and the Special Limited Partner as an Incentive Partnership Management Fee, on a non-cumulative basis (to be allocated 90% to the Special Limited Partner and 10% to the General Partner).
(b) After making the payments described in §5.1(a) hereof, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.009%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.001%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.990%</td>
</tr>
<tr>
<td>Total</td>
<td>100.000%</td>
</tr>
</tbody>
</table>

Notwithstanding any other provision of this §5.1 to the contrary for each fiscal year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such fiscal year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after repayment of the loans referred to in §5.1(a)(vii) with respect to such fiscal year.

§5.2 Net Cash from Sales and Refinancings. Except as otherwise provided in Article 11 of this Partnership Agreement (pertaining to the liquidation and dissolution of the Partnership), Net Cash from Sales and Refinancings shall be paid or distributed to the Partners as provided in this §5.2.

(a) Payments. Net Cash from Sales and Refinancings and any unutilized Operating Deficit Reserves shall be paid in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount to which the Limited Partner is entitled to receive pursuant to §6.9;

(ii) Second, to the Limited Partner an amount equal to the amount of taxes which will be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state and local income tax rates in effect at such time for corporations;

(iii) Third, to the payment of current and accrued Asset Management Fees, if outstanding;

(iv) Fourth, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to §3.7;

(v) Fifth, to the Developer to pay any unpaid balance, if any, on the Deferred Development Fee;

(vi) Sixth, to the Asset Manager the Disposition Fee;

(vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts
treated as loans to the Partnership (without interest) by the General Partner pursuant to §6.4(f)(i), §6.4(f)(ii) or §6.4(f)(iii), and not yet repaid; and

(viii) Eight, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to §3.7.

(b) **Distributions.** After making the payments specified in §5.2(a) hereof, the balance of Net Cash from Sales and Refinancings, if any, shall be distributed 10% to the Limited Partner, 10% to the General Partner and 80% to the Special Limited Partner.

§5.3 **Timing of Distributions.** Distributions of Cash Flow shall be made annually within ninety (90) days after the end of each fiscal year of the Partnership. The determination of the amount of Cash Flow distributable annually to the Partners under this Article 5 shall be based upon the state of facts existing on the last day of each fiscal year of the Partnership.

§5.4 **Treatment of Distributions.** Distributions to a Partner of Cash Flow are considered draws against such Partner’s allocable share of the Partnership’s Profits and Losses.

§5.5 **Failure to Make Tax Elections.** Notwithstanding anything to the contrary in this Article 5, if the General Partner is required to make the election pursuant to §168(h)(6)(F)(ii) of the Code and the election to be taxed as a corporation for Federal income tax purposes prior to the end of the calendar year in which the Project achieves Placement in Service, but fails to properly do so, then the General Partner shall not be entitled to any distributions under this Article 5 (except for the payment of any Developer Fee or repayment of any General Partner loans) in excess of 0.01% of the Cash Flow.
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER

§6.1 Management of Partnership. The Partnership is managed by the General Partner, who exercises full and exclusive control over the affairs of the Partnership, subject, however, to the limitations on its authority set forth in this Partnership Agreement (including, without limitation, §§6.2 and 6.3). The General Partner is under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike, and lawful manner and will devote such part of its time to the affairs of the Partnership as is deemed necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Partnership Agreement. The General Partner shall use its best efforts and exercise good faith in all activities related to the business of the Partnership. The General Partner shall perform services in connection with the acquisition of the Project Property, including, if applicable, negotiating the purchase agreement with the seller of the Project Property, acting on behalf of the Partnership with federal, state and local authorities with respect to the Project Property, monitoring compliance with zoning, land use and other requirements with respect to the Project Property, and preparing or causing to be prepared such third-party studies as it deems necessary in connection with the acquisition of the Project Property.

§6.2 Restrictions on General Partner’s Authority. Notwithstanding anything to the contrary contained in this Partnership Agreement, the General Partner does not have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner:

(a) Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Construction Loan, Permanent Loan, and Subordinate Loan);

(b) Do any act making it impossible to carry on the ordinary business of the Partnership;

(c) Confess a judgment against the Partnership;

(d) Use Partnership Property or assign rights in specific Partnership Property for other than a Partnership purpose;

(e) Sell or otherwise transfer any interest in the Project Property or an material asset of the Partnership (other than leases of Residential Units or, where applicable, commercial space, in the ordinary course of the Partnership’s business, and a transfer pursuant to §9.6 below);

(f) Incur any debt or liability (or enter into any agreement resulting in any such debt or liability being incurred) on behalf of the Partnership (i) that is not in ordinary course of the Partnership’s business or (ii) any debt or liabilities in the ordinary course of the Partnership’s business, in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) other than the Construction Loan, the Permanent Loan and the Subordinate
Loan, and those liabilities (or agreements relating thereto) which have been disclosed to and approved in writing by the Limited Partner and the Special Limited Partner;

(g) Acquire any interest in real property or acquire any item of personal property on behalf of the Partnership having a purchase price of more than Ten Thousand and No/100 Dollars ($10,000.00), unless such acquisition is part of the development budget or annual operating budget that has been approved in writing by the Limited Partner;

(h) Refinance, prepay, amend or modify any mortgage or long-term liability of the Partnership, including, without limitation the Permanent Loan or the Subordinate Loan;

(i) Compromise any claim or liability in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) owed by or to the Partnership;

(j) Make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or the Regulations, including, without limitation, any election under §42 or §754 of the Code. In this regard, the General Partner shall make (and the Limited Partner consents thereto) any elections required or permitted under §42 of the Code requested in writing by the Asset Manager;

(k) Change any accounting method or practice of the Partnership;

(l) Take any action that would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

(m) Construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner and Special Limited Partner);

(n) Lease or otherwise operate any Tax Credit Unit in such a manner that such Tax Credit Unit would fail to be treated as a "low-income unit" under §42(i)(3) of the Code, or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under §42 of the Code;

(o) Except for the Construction Loan, Permanent Loan, and Subordinate Loan (including any regulatory agreements or declarations governing such loans), mortgage, pledge or encumber any interest in any Partnership Property, including, without limitation, the Project Property;

(p) Loan any money on behalf of the Partnership or guarantee on behalf of the Partnership the indebtedness of any other Person;

(q) Change the nature of the business or purpose of the Partnership;
(r) Hire or retain any Person to manage the Project Property or the Partnership’s business other than the Property Management Agent. The Project’s management agreement with Property Management Agent as the Project Property manager will contain the provisions specified in this Agreement, including those specified under “Property Management Agent” in the Article I hereof;

(s) Take any action (or fail to take any action) causing or resulting in a breach of any of the representations, warranties or covenants of the General Partner set forth in this Partnership Agreement, including, without limitation, those set forth in §6.3;

(t) Admit any other person or entity as a Partner, except as specifically permitted herein;

(u) Except as permitted by §11.1 (pertaining to dissolution of the Partnership), take any action that may cause the dissolution of the Partnership;

(v) Perform any act subjecting any Limited Partner to liability as a general partner in any jurisdiction;

(w) Deposit any Partnership funds in any bank, savings and loan, or other financial institution whose accounts are not fully insured by the Federal Deposit Insurance Corporation;

(x) Commingle any Partnership funds with the funds of (1) any other partnership or limited liability company in which a General Partner is a partner or managing member, as the case may be, (2) a General Partner or any of its affiliates, or (3) any other entity;

(y) Execute or deliver any assignment for the benefit of creditors;

(z) Become or permit any Affiliate or any other Person related to the General Partner (within the meaning of Treasury Regulations §1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by the Loan Documents;

(aa) Modify or amend this Partnership Agreement except as authorized herein, or materially amend any fee agreement or the construction contract, or materially deviate from the Plans and Specifications for the construction of the Project from those provided to the Limited Partner prior to its admission to the Partnership;

(bb) After the Construction Completion Date, construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner) with a cost basis in excess of $25,000. If prior to the Construction Completion Date there are change orders for the approved Plans and Specifications for the Project Property, such change orders shall be permitted only with the consent of the Limited Partner, unless all of the following are satisfied: (A) an individual change is for an
amount not in excess of $25,000 and, when combined with all prior change orders, does
not cause the aggregate amount of change orders to exceed $150,000, (B) the change
order does not cause a material diminishment in the construction materials or methods
approved in the Plans and Specifications, and (C) when combined with all prior change
orders, the change order will not extend by more than thirty (30) days the initial
scheduled date for Construction Completion as specified in the Project documents;

(cc) Hire any person or persons as an employee of the Partnership;

(dd) Acquire or purchase on behalf of the Partnership any automobiles;

(ee) Enter into any contractual arrangement on behalf of the Partnership for the
provision of medical services, medication management, home health care or related
personal care services to the tenants of the Project. The Limited Partner shall have no
obligation to consent to any such arrangement at any time and may withhold any consent
for such activities in its sole discretion;

(ff) Enter into any contractual arrangement on behalf of the General Partner
for the provision of medical services, medication management, home health care or
related personal care services to the tenants of the Project without the prior written
consent of the Limited Partner. The Limited Partner shall have no obligation to consent
to any such arrangement at any time and may withhold any consent for such activities in
its sole discretion; and

(gg) File any petition for bankruptcy or reorganization or to appoint a receiver
on behalf of the Partnership; provide, however, the consent of the Special Limited
Partner, which shall not be unreasonably withheld, denied, or delayed, shall also be
required.

§6.3 Representations, Warranties and Covenants of the General Partner and the
Special Limited Partner. As an inducement to the Limited Partner to enter into this Partnership
Agreement, and in addition to the representations, warranties, and covenants set forth elsewhere in
this Partnership Agreement, the General Partner and the Special Limited Partner, as applicable,
hereby make the following representations, warranties, and covenants to and with the Limited
Partner. All of the representations and warranties are deemed given as of the date hereof and as of
every date thereafter throughout the term of the Partnership’s existence and may be relied upon by
counsel to the Limited Partner in connection with the Limited Partner’s investment in the
Partnership. With respect to the representations, warranties, and covenants by both the General
Partner and the Special Limited Partner, each such Partner makes such representations, warranties,
and covenants as to itself and not as to the other Partner. In addition, the General Partner and the
Special Limited Partner, as applicable, hereby agree that all of the representations, warranties, and
covenants made herein may be relied upon by the Limited Partner’s tax counsel in rendering its tax
opinion to the Limited Partner. Unless stated otherwise, the General Partner and the Special
Limited Partner, as applicable, shall fully comply with and abide by all of these covenants at all
times throughout the term of the Partnership’s existence.

(a) The Partnership has received an allocation or a reservation (and has or will
timely comply with all requirements necessary to receive an allocation) of Tax Credits in an
amount that will deliver no less than the Projected Tax Credits to the Limited Partner, and will timely comply with all requirements set forth in such Carryover Allocations and the QAP (to the extent applicable);

(b) At all times following the completion of the contemplated improvements to the Project Property, the General Partner shall operate the Project Property in order to qualify one hundred twenty (120) of the Residential Units in the Project Property for the Tax Credit with one-hundred percent (100%) of the tenants thereof qualifying under the appropriate income and rent restrictions of §42 of the Code as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of §42 of the Code renders such qualification impracticable), and in all other respects shall comply with the provision of §42 of the Code;

(c) To the best of the General Partner’s and Special Limited Partner’s knowledge after due inquiry, and except as otherwise previously disclosed and certified in writing to the Limited Partner, there are no actions, suits, or proceedings pending or threatened by any person or governmental authority against or affecting the Project Property, the General Partner, Special Limited Partner or any of their Affiliates that may have a material adverse effect on the Project Property or the Partnership or on the ability of the General Partner and Special Limited Partner to perform their obligations hereunder;

(d) The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability, or other charge other than costs incurred in connection with the acquisition and construction of the Project Property, operating expenses arising in the normal course of business, and those relating to the Construction Loan, Permanent Loan and Subordinate Loan;

(e) All current leases (if any) for the Residential Units in the Project Property are and all future leases will be for an initial term of at least six (6) months;

(f) The General Partner hereby represents and warrants as follows:

(i) To the best of its knowledge, after due inquiry and investigation, except to the extent, if any, disclosed in the environmental report(s) for the Project heretofore delivered to the Limited Partner:

(A) the Project does not contain any Hazardous Substance;

(B) the Project is not in violation of any Environmental Law or any amendments of these acts or successor statutes, has occurred or is continuing; and

(C) the General Partner has no knowledge and has not received any notice from any source whatsoever of the actual or potential existence of any Hazardous Substances on the Project, or of a violation of any
Environmental Law, and the General Partner shall throughout the term of the Partnership, notify the Limited Partner in writing of any notice it may receive that such a condition or violation exists or may exist.

(ii) If any such hazardous condition or the presence of any Hazardous Substance is disclosed in the aforesaid environmental report(s) for the Project and such condition or substance has not already been properly encased, encapsulated or otherwise corrected in a manner consistent with federal, state or local law:

(A) the Project budget includes an amount necessary for recommended removal, encapsulation, or other remediation of such condition or substance and

(B) the General Partner will verify that rehabilitation or construction of the Project has been or is being completed in accordance with the recommendations for removal, encapsulation, or remediation of such conditions or substances and will certify to such in writing to the Limited Partner, upon completion of the rehabilitation or construction.

(iii) The General Partner will deliver to the Limited Partner copies of all test results of materials or soils that are indicated in the environmental report(s) for the Project to be potentially hazardous or copies of any supplemental environmental report(s) that discuss the results of such tests.

(iv) The General Partner will take all actions within its control necessary to cause the Partnership to comply with and continue to comply with all ongoing or newly arising monitoring, maintenance, inspection, reporting, and remediation requirements of any applicable federal, state, or local environmental laws and regulations.

(v) If the Project has received project-based or tenant-based Section 8 rental subsidies, the Project operating budget shall include sufficient funds for the Project to comply with all applicable federal, state and local lead based paint laws and regulations.

(vi) Unless otherwise approved by the Limited Partner in writing, the aforesaid environmental report(s) are based on assessments of the Project that were performed or recertified not more than one hundred eighty (180) days prior to the date of execution of the Partnership Agreement by the Limited Partner.

(vii) The General Partner shall, to the extent any such recommendation is set forth in any of the environmental report(s) for the Project, (A) cause a qualified environmental consultant to prepare a lead and/or asbestos operations and maintenance plan for the Project Property, and (B) ensure that such plan is located in a readily accessible and appropriate area on the Project Property.
For purposes of the representations contained in this §6.3(f), substances known to be hazardous shall not include small amounts of chemicals, cleaning agents, or similar substances employed in routine household uses in a manner typical of occupants in other residential properties, or incidental cleaning supplies, provided that they are used at all times in strict compliance with all applicable laws and regulations and industry standards.

(g) The Partnership is a duly organized limited partnership, validly existing under the Act, and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner;

(h) No event has occurred that has caused and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by such Limited Partner pursuant to §11.4 and any amount required to be repaid by such Limited Partner to the Partnership pursuant to §7.1 hereof and the Act;

(i) The Partnership owns the fee simple interest in the Project Property including the improvements in fee simple free and clear of all liens, charges, and encumbrances other than mortgages and other security instruments securing any of the Construction Loan, Permanent Loan or the Subordinate Loan and those liens, charges, and encumbrances expressly agreed to in writing by the Limited Partner and the General Partner and set forth in the owner's title insurance policy for the Project;

(j) The Project Property conforms (or will timely conform) in all respects to all applicable laws, including, without limitation, all zoning, building, health, fire, and environmental rules and regulations and there are no laws, planning rules, regulations, ordinances, requirements, or environmental laws, regulations, or procedures applicable to the Project Property that would materially inhibit or materially adversely affect the operation of the Project Property as a low income housing development;

(k) The General Partner has caused and will cause the Partnership to maintain with financially sound insurers with an A. M. Best Co. rating of A- VI or better, as designated by A.M. Best & Company, all insurance coverage required by the Limited Partner, and if insurance is placed with a Risk Retention Group or a Captive, a fronting insurance company with an A. M. Best rating of A VIII or better is required;

(l) Neither of the Construction Loan, Permanent Loan, Subordinate Loan nor any other loan or agreement to which the Partnership is a party, nor the General Partner's performance of its obligations hereunder or hereafter, violates or constitutes a default under any provision of law, order of court, indenture, or other instrument affecting the
General Partner, the Partnership, or the Project Property or, except for the Construction Loan, Permanent Loan and Subordinate Loan, result in the creation or imposition of any lien, charge, or encumbrance on the Project Property;

(m) The General Partner and the Special Limited Partner have provided the Limited Partner with the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all available documents pertaining to the Construction Loan, Permanent Loan, and Subordinate Loan and any other information which is relevant to the construction and development of the Project Property;

(n) All material information concerning the Project Property known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the General Partner and the Special Limited Partner to the Limited Partner and there are no facts or information known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the General Partner and the Special Limited Partner to the Limited Partner with respect to the Project Property inaccurate, incomplete, or misleading in any material respect;

(o) Neither the Partnership nor any Partner (nor any Affiliate of any Partner) has or will have direct or indirect personal liability as maker, guarantor, partner, or otherwise with respect to the payment of principal or interest or any other sum due under the Permanent Loan or Subordinate Loan except as a consequence of certain bad acts such as gross negligence and willful misconduct, which are carved-out in the non-recourse provisions of such loans. The Construction Loan is recourse as to the Partnership and the General Partner is a guarantor thereof. As of the date of this Partnership Agreement, there are no outstanding loans or advances from the General Partner, the Special Limited Partner nor any of their Affiliates to the Partnership and the Partnership has no unsatisfied obligations to make any payments of any kind to the General Partner, Special Limited Partner or any of their Affiliates;

(p) The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership by the General Partner and the Special Limited Partner have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under, the certificate of formation or company agreement of the General Partner or articles of incorporation or by-laws of the Special Limited Partner or any agreement by which the General Partner or the Special Limited Partner or any of their properties are bound, nor constitute a violation of any law, administrative regulations or court decree;
(q) Both the General Partner and the Special Limited Partner agree that no Partner nor any Affiliate of a Partner shall be a lender to the Partnership unless, based upon the advice of tax counsel or adviser satisfactory to the Limited Partner, such loan will not likely adversely affect or cause a material re-allocation among the Partners of Tax Credits or Profits and Losses;

(r) The General Partner has no knowledge of, and has not received any notices with respect to, any violations by the Partnership or the Project of federal or state law or municipal ordinances or orders or requirements of any governmental body or authority in whose jurisdiction the Project Property is subject, and the General Partner shall furnish to the Limited Partner, immediately but no later than ten (10) business days of receipt thereof, a copy of any notice of default (or other notice of a failure to perform) under any of the Project Documents or Loan Documents given to the Partnership or the General Partner by any of the Lenders or any other party thereto;

(s) There is no default existing, pending or threatened under any provision of the Construction Loan, Permanent Loan, Subordinate Loan, the Project Documents or any other agreement to which the Partnership is a party and the General Partner shall take all requisite action to comply with the provisions of all such loans and agreements; and, if any such default is alleged, the General Partner shall notify the Limited Partner of such alleged default within five (5) days of any General Partner's receipt of notification of the alleged default;

(t) Both the General Partner and the Special Limited Partner agree that all appropriate roadway and public utilities, including, without limitation, telephone, sewer, water, electricity and, if applicable, gas are available or will be available in sufficient volume to the Project Property, and all easements required in connection therewith have been obtained and filed of public record and the General Partner and Special Limited Partner shall use their best efforts to keep all such utilities operating in a manner sufficient to service the Project Property and the Residential Units contained therein;

(u) Both the General Partner and the Special Limited Partner agree that the construction of the Project Property will be completed in a timely and workmanlike manner by the Construction Completion Date and substantially in compliance with: (i) applicable requirements of the Construction Loan, Permanent Loan, any Subordinate Loan and the Project Documents; (ii) the Plans and Specifications; (iii) the Projections; (iv) the QAP (to the extent applicable); and (v) the requirements of all governmental agencies with jurisdiction over the Project Property and the development and construction thereof;

(v) Both the General Partner and the Special Limited Partner agree that all building permits, environmental permits or other clearances, easements and governmental permits, licenses, and approvals required in connection with the construction, development, ownership, operation, use, and occupancy of the Project Property and all Residential Units contained therein, have been or will be timely obtained and the General Partner and the
Special Limited Partner shall take all actions necessary to maintain such approvals in full force and effect;

(w) No portion of the Project Property is treated as "tax-exempt use property" as defined in §168(h) of the Code;

(x) No General Partner or Special Limited Partner is under any commitment to any real estate broker, rental agent, finder, syndicator, or other intermediary with respect to the Project or any portion thereof, except for arrangements disclosed in writing to the Limited Partner prior to the date hereof;

(y) Unless the Projections indicate that the Project is treated as federally subsidized as defined in §42(i)(2) of the Code, none of the Project is financed with tax-exempt bond proceeds;

(z) (I) The General Partner (i) is a limited liability company duly organized, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner do not and will not result in any breach or violation of, or default under, any agreements by which the General Partner is bound, or under any applicable law, administrative regulation or court decree, and (II) The Special Limited Partner (i) is a corporation formed, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Special Limited Partner do not and will not result in any breach or violation of, or default under, any agreements by which the Special Limited Partner is bound, or under any applicable law, administrative regulation or court decree;

(aa) The General Partner and Special Limited Partner have previously provided a true, complete, and current copy of the Partnership's original limited partnership agreement, together with all amendments thereto, to the Limited Partner, which original limited partnership agreement and amendments reflect all agreements among the Partners of the Partnership prior to its amendment hereby;

(bb) The execution and delivery of this Partnership Agreement and each of the other documents and agreements described in or contemplated by this Partnership Agreement by the General Partner and Special Limited Partner, and the performance of the transactions contemplated herein and in each such other document have been duly authorized by all requisite corporate actions, and will not result in the breach of or default under any agreement, mortgage or other instrument to which any General Partner or Special Limited Partner is a party or by which any General Partner or Special Limited Partner is bound;
(cc) This Partnership Agreement is binding upon and enforceable against the General Partner and Special Limited Partner in accordance with its terms;

(dd) The General Partner will not allow its sole member to transfer its interest therein without the consent of the Limited Partner;

(ee) The General Partner shall not, and shall cause the Property Management Agent not to, (i) cause or permit any waste or damage to the Project Property (other than ordinary wear and tear), or (ii) allow any tenant to use a Residential Unit, or, if applicable, commercial space, within the Project Property or any of the common areas in any manner which is unlawful, hazardous, unsanitary, noxious, or offensive or which unreasonably interferes with the use of the Project Property by the other tenants;

(ff) The General Partner shall maintain the Project Property in a decent, safe and sanitary condition;

(gg) The General Partner shall operate the Project Property in accordance with, and lease Residential Units within the Project Property in compliance with, all applicable laws, regulations, ordinances, the Loan Documents, and the QAP (to the extent applicable);

(hh) To the best of the General Partner’s and Special Limited Partner’s knowledge, the Projections attached hereto as Appendix I are accurate, and the financial assumptions upon which such Projections are based are true and correct in all material respects as of the date hereof;

(ii) The land on which the Project is located is, and will be at all times, properly zoned, and the General Partner and Special Limited Partner will not act or omit to act in a manner that would cause such proper zoning to be terminated;

(jj) The General Partner and Special Limited Partner have determined that neither the General Partner, Special Limited Partner, Sponsor nor any of the officers, directors, principals, employees or owners of the General Partner, Special Limited Partner or the Sponsor is on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury and located on the internet at http://www.treas.gov/offices/eotff;

(kk) The General Partner shall, and shall cause the Property Management Agent to, operate the Project in accordance with, and lease the Residential Units in compliance with, the provisions of all federal, state and local fair housing laws prohibiting discrimination in housing on the grounds of race, color, religion, sex, familial status, national origin, or handicap, including, without limitation, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, Title VI of the Civil Rights Act of 1964 (Public Law 88-353, 78 Stat. 241), §504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975;
(II) The General Partner shall obtain from the Property Management Agent and maintain copies of the First Year Tenant Files in a secure location under its control in accordance with requirements of §42 of the Code;

(mm) Both the General Partner and the Special Limited Partner agree that all requirements under Code §42 will have been met at the time of the Project’s Placement in Service so that the Project may qualify for the Tax Credits;

(nn) Both the General Partner and the Special Limited Partner agree that if there are any building, multiple dwelling and/or other municipal violations filed or noted against the land on which the Project is located or the Project, including any unsafe building violation or lien as of the date hereof, such violation will be corrected upon completion of the construction substantially in accordance with the Plans and Specifications;

(oo) To the best of the General Partner’s and Special limited Partner’s knowledge after due and diligent inquiry, the General Partner, the Special Limited Partner, the Partnership, its Management Agent, the Project Property, and all the Loan Documents and Project Documents are in compliance with all applicable federal, regional, state and local laws, rules, regulations, statutes, decisions, orders, judgments, directives, decrees, codes guidelines or ordinances of any governmental or regulatory authority, court or arbitrator;

(jj) No event of bankruptcy has occurred with respect to the General Partner or the Special Limited Partner or any of their Affiliates;

(pp) Both the General Partner and the Special Limited Partner agree that the rents charged to the tenants of the Tax Credit Units will not exceed 30% of the applicable income limitation as determined under Code §42(g)(1);

(qq) The General Partner and Sponsor shall materially participate (within the meaning of §469(h) of the Code and the Regulations promulgated thereunder) in the development and operation of the Project Property. During the development of, and throughout the Compliance Period for the Project Property, Sponsor shall maintain its federal tax-exempt status and take such other actions as are necessary under §42(h)(5)(c) of the Code to qualify as a “qualified nonprofit organization.” The General Partner and the Sponsor acknowledge that the Limited Partner is relying on Sponsor’s participation and involvement to accomplish the development;

(rr) The General Partner shall cause the Partnership to enter into a Property Management Agreement with the Management Agent pursuant to the provisions set forth in §6.4(i) below and, if the Management Agent is an Affiliate of the General Partner or the Special Limited Partner, the General Partner shall ensure that such Property Management Agreement provides for the subordination of the Management Agent’s Fee
to the payment of Operating Deficits until such time as funds are available to pay such fees;

(ss) Both the General Partner and the Special Limited Partner agree that the Project complies with the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including, without limitation, the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted;

(tt) General Partner shall and shall cause the Partnership to comply with all of the TCAP Program Requirements applicable to the Project throughout the Compliance Period;

(uu) The General Partner shall and shall cause the Partnership, the General Partner, and each Affiliate of the General Partner, to comply with the USA Patriot Act of 2001 (Public Law 107-56) and all federal regulations issued with respect thereto, which shall include, but not be limited to, providing to each Project lender the names, addresses, tax identification numbers and/or such other identification information concerning the Partnership, the General Partner, or any Affiliate of the General Partner, as shall be necessary for each Project lender to comply with federal law;

(vv) The General Partner and the Special Limited Partner shall, and shall cause the Partnership to, (i) comply with all requirements set forth in the Specified Products Utilization Plan, and (ii) deliver to the Limited Partner, upon request, all supporting and substantiating documents evidencing the use of the Specified Products pursuant to the Specified Products Utilization Plan;

(ww) The General Partner and the Special Limited Partner shall, and shall cause the Subcontractor to, execute and timely deliver on a monthly basis to the Asset Manager the Specified Products Utilization Certifications;

(xx) The General Partner shall deliver to the Asset Manager evidence satisfactory to the Asset Manager that the Partnership has (i) timely prepared and filed, on an annual basis if applicable, all necessary documentation for the Project to receive partial real estate tax exemption or other real estate tax relief; and (ii) received, on an annual basis if applicable, such partial real estate tax exemption or other real estate tax relief, within fifteen (15) days of its receipt;

(yy) Any counseling, healthcare, housekeeping or similar supportive services ("Supportive Services") to be provided to the residents of the Project shall be performed, unless otherwise approved by the Asset Manager, in writing, under service agreements between the General Partner or residents receiving such Supportive Services and the provider of such Supportive Services. The service provider shall be a third party other
than the Partnership or the General Partner. To the extent that any services are required
to be provided to the tenants of the Project by any Lender or any Project Document
(including, but not limited to any Supportive Services) the General Partner shall be
responsible for ensuring that such services are made available by one or more service
providers to the tenants and a failure to do so will be a default under Section 10.6.1
hereof to the extent that it creates a default under any Project Document. In addition, to
the extent any Supportive Services are provided at the Project, the General Partner shall
require the Property Management Agent to include in all residential leases for the Project
a provision (to be approved by the Asset Manager prior to the provision of such services)
that releases the Partnership from any liabilities or damage caused to the residents as a
result of the provision of such services; and

(zz) The Project is located in an area such that it qualifies under Code Section
42(d)(5)(C);

(aaa) All requirements under Code Section 42 will have been met at the time of
the Project’s Placement in Service so that the Project’s Tax Credit Units will qualify for
the Tax Credits if leased to qualified tenants pursuant to Section 42 of the Code;

(bbb) The General Partner shall promptly correct all building code and
Environmental Law violations, including any such violations that occur during the
construction or rehabilitation of the Project;

(ccc) The General Partner and the Special Limited Partner shall and shall cause
the Partnership to perform all required radon mitigation, testing, evaluation and/or
remediation pursuant to and in accordance with all appropriate federal, state, and local
laws, regulations, guidelines, and requirements;

(ddd) The General Partner and the Special Limited Partner shall and shall cause
the Partnership to comply with all provisions contained in the Carryover Allocation and
the application for Tax Credits submitted to the State Housing Finance Agency as to
which the State Housing Finance Agency awarded points pursuant to its scoring or award
procedures; and

(eee) No drywall (also known as, without limitation, plasterboard, gypsum
board, and Sheetrock) used in the construction of the Project was manufactured in or
imported from China (“Foreign Drywall”).

§6.4 Specific Obligations of General Partner. The General Partner shall, on behalf of
and in the name of the Partnership and in addition to any obligations placed upon it elsewhere in this
Partnership Agreement, have the following specific obligations:

(a) Securities Law Matters. The General Partner shall prepare and file all
appropriate reports for the Partnership with the Securities and Exchange Commission and
state securities administrators.

-57-
(b) **Limited Partnership Status.** The General Partner shall (1) file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and (2) take or cause the Partnership to take all reasonable steps deemed necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal and state income tax purposes.

(c) **Tax Matters Partner.** For the purposes of Subchapter C of Chapter 63 of the Code, the General Partner shall serve as the “Tax Matters Partner” of the Partnership and, as such, has all of the rights and obligations given to a Tax Matters Partner under said Subchapter. Notwithstanding anything to the contrary contained herein, the General Partner, in its capacity as the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or

(vi) Take any other action that would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners or otherwise have a material adverse effect on any tax matters affecting the Partnership and its Partners.

The General Partner shall keep the Limited Partner and the Special Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner and the Special Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

(d) **Governmental Filings.** The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having
jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

(e) **Bank Accounts.** The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership’s business. The Partnership’s funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account having a balance in excess of the maximum insured amount, or in such other investment vehicle as shall be approved in writing by the Limited Partner. If the Partnership incurs any loss due to any Partnership funds being deposited in FDIC insured accounts with balances in excess of the maximum insured amount, the General Partner and the Guarantor (pursuant to the Guaranty Agreement) shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

(f) **Guaranties.** The General Partner and the Special Limited Partner, joint and several, shall have the following guaranty obligations.

(i) **Development Completion Guaranty.**

(A) The General Partner hereby absolutely and unconditionally guarantees to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics’, materialmen’s, and similar liens, in accordance with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Construction Loan, Permanent Loan, Subordinate Loan and this Partnership Agreement, will be equipped with all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections (“Development Completion Guaranty”). The obligations of the General Partner under the Development Completion Guaranty shall be unlimited and shall include, without limitation, the obligation to provide all funds required of the Partnership to complete construction by the Project Property and to repair any latent defects that occur within one year of completion of construction.
(to the extent not then available under the Construction Loan, Permanent Loan, Subordinate Loan or Capital Contributions), and further including, without limitation, funds needed for unanticipated or additional development or construction costs, on and off-site escrows, taxes, insurance premiums, interest, funding of Operating Deficits, reserves, escrows, legal expenses, and accounting expenses until the Project achieves Stabilized Occupancy. The repayment of any borrowings arranged by the General Partner to fund its obligations under this §6.4(f)(i)(A) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(i)(A) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to §5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner or any of its Affiliates, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(B) In the event that the General Partner fails to pay development costs as required under this §6.4(f)(i), an amount not in excess of the total of any remaining unpaid Limited Partner Capital Contribution installments will be applied by the Partnership to meet such obligations of the General Partner and any Guarantors. The General Partner and any Guarantors shall remain liable for all of their guaranty obligations including any portion funded from remaining unpaid Limited Partner Capital Contribution described in the prior sentence. Any direction and application of funds otherwise payable pursuant to §3.2 hereof constitutes reductions in amounts owed pursuant to §3.2, and the Limited Partner’s obligation to make such installment payments pursuant to §3.2.

(ii) Operating Deficit Guaranty.

(A) The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficit Guaranty Period (“Operating Deficit Guaranty”).

(B) The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this §6.4(f)(ii)(B) shall be the sole obligation of the General Partner.
Subject to §6.4(f)(ii)(C) below, funds made available by the General Partner to fulfill its obligations pursuant to this §6.4(f)(ii)(B) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof, or out of the proceeds of refinancing or sale pursuant to §5.2 hereof.

(C) If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) Permanent Loan Conversion Guaranty. If, immediately prior to the conversion of the Construction Loan to the Permanent Loan, the Right-Sized Permanent Loan Amount is less than the Permanent Loan amount that is set forth in the Projections ("Permanent Loan Gap Amount"), then the General Partner shall be required to provide funds to the Partnership in an amount equal to the Permanent Loan Gap Amount. Funds provided by the General Partner to fulfill its obligations pursuant to this §6.4(f)(iii) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with §5.1 hereof or out of the proceeds of refinancing or sale pursuant to §5.2 hereof.

(iv) Services Guaranty. If the Project is required to ensure the provision of services to the tenants pursuant to any Project Document and the costs of such services are not included in the Projections, the General Partner shall be responsible for ensuring that all such required services continue at no cost to the Partnership, and the General Partner shall guaranty that all such services will be provided except to the extent that the Project Documents are modified, waived or released such that some or all of the services are no longer required to be provided to the tenants of the Project.

(v) Cumulative Guaranty Obligations. The various guaranty obligations under this §6.4(f) are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

(g) Required Reserves.

(i) Lease-up Reserve. The General Partner shall establish a lease-up reserve (the "Lease-up Reserve") to fund Operating Deficits incurred by the Partnership prior to the commencement of the Operating Deficit Guaranty Period. The Lease-up Reserve shall be funded from Limited Partner’s Second and Third
Installments of Project Equity in the total amount of Two Hundred Twenty-Two Thousand Four Hundred Ninety-Six and No/100 Dollars ($222,496.00), held in a separate bank account (the “Lease-up Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the beginning of the Operating Deficit Guaranty Period. Withdrawals from the Lease-Up Reserve Account will require the written approval of the General Partner and the Asset Manager (except in cases where the Lease-up Reserve Account is under the control of a Project lender, in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager in writing of the amount of the withdrawal from the Lease-Up Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved. The obligations related to the Lease-up Reserve are in addition to, and not in place of, those of the Sponsor and General Partner pursuant to Sections 6.4.6(i), 6.4.6(ii), and 6.4.6(iii) above. If, on the date that the Partnership achieves Stabilized Occupancy there are any funds remaining in the Lease-up Reserve Account, such funds shall, subject to any required Lender consent, be used to pay the following, in the order of priority until paid in full: first, to the Developer to pay the Deferred Developer Fee, and second, to the Property Management Agent as an incentive lease-up fee.

(ii) Operating Reserve. The General Partner shall establish an operating reserve (the “Operating Reserve”) to fund Operating Deficits incurred by the Partnership. The Operating Reserve shall be funded from NEFAC’s Fourth Installment of Project Equity in the amount of Four Hundred Thirty Thousand Five Hundred Fifty-Seven and No/100 Dollars ($430,557.00), held in a separate bank account (the “Operating Reserve Account”), controlled by the General (or a Project lender, if required by such lender), and maintained until the end of the Project’s Compliance Period. Throughout the Compliance Period, the General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow in accordance with §5.1 hereof or from sales or refinancings (prior to the distribution of Net Cash from Sales and Refinancings). Withdrawals from the Operating Reserve Account will require the written approval of the General Partner and the Asset Manager (except in the event of an emergency that has an immediate impact on the safety of the residents or structural integrity of the Project and in cases where the Account is under the control of a Project lender in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Operating Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner
whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day period, the withdrawal request will be deemed to be approved by such non-responsive party. Upon depletion of all of the funds in the Operating Reserve Account, any continuing shortfalls shall be funded pursuant to the Operating Deficit Guaranty described above in §6.4(f)(ii). Notwithstanding anything to the contrary in this §6.4(g)(ii), beginning in the eleventh (11th) year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to use up to twenty percent (20%) of any funds remaining in the Operating Reserve Account for each remaining year of the Compliance Period for the sole purpose of funding capital improvements and repairs to the Project, in accordance with §6.4(g)(iii) below; provided, however, that (A) the Operating Reserve Account on the first day of the eleventh (11th) year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.15 or better for the immediate prior 24 months (during which time there had been no draws upon the Operating Reserve Account), and (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio of 1.15 or better for the remaining term of the Compliance Period.

(iii) Replacement Reserve. The General Partner shall establish a replacement reserve (the “Replacement Reserve”) to fund capital improvements and repairs to the Project. The Replacement Reserve shall be funded from the Limited Partner’s Fourth Installment of Project Equity in the amount of One-Hundred and No/100 Dollars ($100.00), held in a separate bank account (the “Replacement Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until throughout the Project’s Compliance Period. The General Partner will also be required to fund the Replacement Reserve Account on a cumulative basis, annually, in an amount equal to the greater of $250 per unit per year (to be increased annually by 3.0%) or such amount as required by any Project lender, from Gross Cash Receipts prior to distribution of Cash Flow. Withdrawals from the Replacement Reserve Account in excess of Five Thousand and No/100 Dollars ($5,000.00) in the aggregate in any given month (unless such withdrawal was provided for in the approved Project budget) will require the written approval of the General Partner and the Asset Manager (except in cases where the Replacement Reserve Account is under the control of a Project lender, in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Replacement Reserve Account and the purpose for which such withdrawal was made). If applicable, within five (5) business days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such five (5) business day
period, the withdrawal request will be deemed to be approved. Any funds remaining in the Replacement Reserve Account at the end of the Project’s Compliance Period shall, subject to any required Lender consent, be released from the Replacement Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to §9.6 and §11.1 hereof. Any funds still remaining in the Replacement Reserve Account after the Limited Partner’s exit taxes have been fully paid shall, subject to any required Lender consent, be distributed to the Partners in accordance with §5.2 hereof (in the case of a sale of the Project), or in accordance with §11.2 hereof (in the case of the dissolution of the Partnership). After the completion of the seventh (7th) year of the Project’s Compliance Period, the Asset Manager shall have the right to require a physical assessment of the Project pursuant to which the amount required to be maintained in the Replacement Reserve Account may be increased at the reasonable discretion of the Asset Manager.

(iv) Revenue Deficit Reserve. The General Partner shall, on behalf of the Partnership, establish a revenue deficit reserve (the “Revenue Deficit Reserve”) to fund deficits incurred by the Partnership as described below. The Revenue Deficit Reserve shall be funded from Limited Partner’s Fifth Installment of Project Equity in the amount of Two Hundred Thousand and No/100 Dollars ($200,000.00), held in a separate bank account (the “Revenue Deficit Reserve Account), under the control of the General Partner, and the Partnership will maintain this account until the end of the Compliance Period. Any withdrawals from the Revenue Deficit Reserve Account will require the written approval of the General Partner and the Asset Manager. Within ten (10) business days of receipt by the Asset Manager of such requests, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such ten (10) business day period, the withdrawal request will be deemed to be approved. The Revenue Deficit Reserve funds shall only be used to fund any Operating Deficits directly caused by or attributable to the stagnant growth in area median income in Denton County, as determined by reports prepared annually by Freddie Mac or such comparable institution approved by the Asset Manager. Any excess funds remaining in the Revenue Deficit Reserve Account at the end of the Compliance Period shall be released from the Revenue Deficit Reserve Account and applied by the Partnership in accordance with §5.2 hereof, in the case of a sale of the Project, or in accordance with §11.2 hereof, in the case of the dissolution of the Partnership. Notwithstanding anything to the contrary in this §6.4(g)(iv), beginning in the eleventh (11th) year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to release a portion of the funds remaining in the Revenue Deficit Reserve Account for each remaining year of the Compliance Period to be applied by the Partnership in accordance with §5.2 hereof, in the case of a sale of the Project, or in accordance with §11.2 hereof, in the case of the dissolution of the Partnership; provided, however, that (A) the Operating Reserve Account on the first day of the eleventh
(11th) year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.20 or better for the immediate prior 12 months (during which time there had been no draws upon the Operating Reserve Account), (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio of 1.20 or better for the remaining term of the Compliance Period, and (D) the General Partner provides satisfactory evidence, such as reports prepared annually by Freddie Mac or such comparable institution approved by the Asset Manager, of acceptable growth in area median income in Denton County.

The above reserves shall be held in segregated interest bearing accounts (the Lease-up Reserve, if applicable, may be held in the same account as the Operating Reserve). Any failure to obtain any required approval of the Asset Manager or failure to provide the Asset Manager with proper notice shall constitute an Event of Default under §10.6 below. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership.

(h) **Qualified Occupancy.** The General Partner shall cause the Project Property to achieve Qualified Occupancy on or before the Qualified Occupancy Date.

(i) **Property Management.** The General Partner, on behalf of the Partnership, shall enter into a Property Management Agreement with the Property Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and the Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Property Management Agent under the Property Management Agreement and shall perform all of the Partnership’s obligations as owner thereunder, subject to the following terms and conditions:

(i) **Renewal or Successor Agreements.** Upon the termination of such Property Management Agreement or any subsequent Property Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially from the initial Property Management Agreement in Property Management Agent obligations and owner remedies, or in any other respect, with the same Property Management Agent or another Property Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) **Notice and Consultation.** If the General Partner wishes to enter into a new form of management agreement or retain the services of a different Property Management Agent, it shall give the Asset Manager and the Special Limited Partner at least thirty (30) business days’ prior written notice of the proposed
change, accompanied by a copy of any proposed new Property Management Agreement and a written description of the identity and qualifications of any proposed new Property Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) Asset Manager Consent. Under any circumstances, the General Partner shall not enter into a new management agreement materially different from the initial Property Management Agreement in any respect without the prior written consent of the Asset Manager as to the form and content of such new management agreement, nor shall the General Partner retain the services of a management agent other than a management agent previously approved by the Asset Manager without the prior written consent of the Asset Manager as to the identity and qualifications of such new management agent, provided such consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this provision, a management agreement shall be deemed to be materially different if the agreement involves a change in the parties, services or fees to be provided to the management agent.

(iv) Termination of Non-Performing Property Management Agent. If the Property Management Agent fails to perform any of its obligations under the Property Management Agreement, whether general or specific obligations, in any material respect, including without limitation, failure to capably manage the Project as measured by sustained high Project vacancies, delinquent rents, or Operating Deficits (in each case beyond levels specified in the Projections), inadequate maintenance, or failure to qualify tenants under low-income housing tax credit requirements, or repeated failure to provide or unreasonable delay in providing accurate financial or operating reports to the General and the Limited Partner, the General Partner shall promptly comply with the terms of the Property Management Agreement regarding notice to the Management Agent and its opportunity to cure. The General Partner shall also simultaneously provide the Asset Manager and the Special Limited Partner with a copy of this notice and any documentation explaining why the Management Agent should not be terminated for cause. Upon expiration of the applicable cure period, and the failure of the Management Agent to cure its breach of the Property Management Agreement, the General Partner shall consult with the Asset Manager as to whether or not the Management Agent should be retained and, if so, under what terms and conditions. Unless within ten (10) business days of the delivery of this notice the Asset Manager consents in writing to the retention of the Managing Agent, the General Partner shall terminate the Management Agent for cause, in accordance with the terms of the Property Management Agreement. The General Partner shall also immediately enter into a new Property Management Agreement with a substitute Management Agent, subject to the prior written consent of the Asset Manager. For purposes of this §6.4(i)(iv), “cause” shall include, but not be limited to, any one of the following: (a) failure to promptly and competently perform (after any applicable notice and within the applicable cure period) all duties of the
Management Agent under the Property Management Agreement with the Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax Credits in any calendar year, (c) failure to materially comply with the record keeping, tenant qualification and rental requirements of the Extended Use Agreement and §42 of the Code and the Regulations, rulings, and policies related thereto, (d) material mismanagement of the Project, or (e) if the Management Agent is an Affiliate of the General Partner, removal of the General Partner pursuant to §10.6 hereof.

(v) Removal of Non-Complying General Partner. If the General Partner fails to comply with any of the requirements of this §6.4(i), it may be removed for cause pursuant to §10.6 hereof.

All Property Management Agreements shall contain specific provisions requiring the Property Management Agent to rent to low-income tenants at the level required to maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for tax credit purposes, to deliver certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for low-income housing tax credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by §6.4(l) hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Property Management Agent is the General Partner, the Special Limited Partner or their Affiliate, each management agreement shall provide that the management agent's monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

(j) Cooperation with Asset Manager. The General Partner shall cooperate and shall cause the Property Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations.

(k) Rental Program. The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall (i) achieve Qualified Occupancy (as defined in Article I) within the time specified in the Projections; (ii) comply with the rent schedule set forth in the Projections; (iii) cause to be kept all records of rental and occupancy throughout the Compliance Period; (iv) cause the Property Management Agent to comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a low-income housing tax credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project; and (v) take such other actions required under §6.4(l) below to claim all available tax benefits.
benefits in connection therewith. The General Partner and the Property Management
Agent shall comply with all income certification or other record-keeping requirements of
the Code and Regulations, and of prudent management accounting practices, to support
the claim of a Tax Credit based on the occupancy requirements for the Project and any
other material tax benefits resulting from such low-income occupancy of the Project.

(i) **Tax Benefits Requirements.** The General Partner acknowledges that it is of
great importance that the Tax Credits and all other tax benefits contemplated in the
Projections be achieved and maintained. Accordingly, the General Partner agrees as
follows:

(i) **No Delays.** The General Partner shall not cause or suffer any delay in
Placement in Service or Qualified Occupancy that would reduce such anticipated
tax benefits.

(ii) **Record-Keeping.** The General Partner shall cause to be kept all
records and cause to be made all elections and certifications, pertaining to the
number and size of apartment units, occupancy thereof by tenants, income levels
of tenants, set-aside for low-income tenants, and any other matters now or
hereafter required to qualify for and maintain the Tax Credits and any other
available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The General Partner shall elect the minimum
low-income set-aside requirement specified in the Projections within twelve (12)
months after Placement in Service or such other time period as may hereafter be
required by the Code or Regulations thereunder for such Tax Credits; provided,
however, that in the event it becomes reasonably certain that such set-aside either
will not be met or will be exceeded, the General Partner shall promptly so notify
the Partners in writing and shall proceed to elect such other minimum set-aside
requirement as will best protect or enhance the projected tax benefits to the
Partners under the circumstances.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, subject to the
approval of the Limited Partner, to claim such Tax Credits for each building in the
Project commencing with the earlier of the year in which Qualified Occupancy for
such building is achieved or the year succeeding the year in which Placement in
Service occurs. The General Partner shall develop and lease the Project within
such time that the initial year during which such Tax Credit is elected to be
claimed will be no later than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after Qualified
Occupancy has occurred and annually thereafter, prior to the times such
information is required by the State Housing Finance Agency for Tax Credit
reporting purposes, the General Partner shall:
(A) cause the Partnership’s Property Management Agent to submit to the Partnership the certifications and all other applicable materials related to low-income leasing described in §6.4(k) hereof;

(B) check and verify the same against leases, certifications, and other appropriate back-up materials to the extent necessary or advisable to determine with reasonable assurance that the low-income leasing requirements have been met for Tax Credit purposes; and

(C) execute and deliver to the Limited Partner a certification, in form reasonably acceptable to the Limited Partner, stating that the General Partner has complied with the foregoing requirements and attaching copies of the managing agent’s certification and rent roll in a format reasonably acceptable to the Limited Partner.

The General Partner’s initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) **Cost Accounting.** As soon as feasible after Placement in Service has occurred, prior to the time such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(A) cause the Accountant to submit to the General Partner a letter, as required by the State Housing Finance Agency and in a form and content reasonably acceptable to the Limited Partner, certifying that the Accountant has examined the Partnership’s books and records for the Project and, subject to any changes in facts or applicable law, is prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(B) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant’s letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) **Tax Filings.** The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with §8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609.
(viii) **Compliance Certifications.** The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within ninety (90) days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the Compliance Period for such Tax Credit, or such other time periods as may hereafter be required by the Code or Regulations thereunder for such Tax Credit.

(ix) **Intentionally Omitted.**

(x) **Notice of Tax Benefits Reduction.** In the event at any time it becomes apparent that the tax benefits projected in the Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.

(xi) **Consequences of Tax Benefits Reduction or Delay.** In the event there is a reduction or delay of tax benefits, then the provisions of §6.9 hereof relating to reduction in the amount of remaining installments of Limited Partner's Capital Contributions and other consequences described therein shall govern where applicable.

(xii) **Extended Use Agreement.** The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to §42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under §42 of the Code.

(xiii) **Local Code Compliance.** The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to §42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the project architect or the project general contractor to certify upon completion of the Project that such building code and Environmental Law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner’s title insurance policy.
indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiv) Carryover Allocation. The General Partner shall obtain from the State Housing Finance Agency and shall deliver to the Limited Partner within 10 days after receipt the following:

(A) a Carryover Allocation accompanied by a tax opinion that is based on the Accountant’s Carryover Certification which states that the Partnership’s basis in the Project, as of the dated required under §42(h)(1)(E)(ii) of the Code, was greater than ten percent (10%) of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded; or

(B) a reservation of Tax Credits, provided that:

(1) the General Partner shall deliver or cause to be delivered to the Limited Partner the Accountant’s Carryover Certification thirty (30) days prior to the date specified by the State Housing Finance Agency for the required Accountant’s Carryover Certification to be submitted to the State Housing Finance Agency; and

(2) the General Partner shall deliver a copy of the Carryover Allocation to the Limited Partner and the Special Limited Partner within thirty (30) days from the date that such Carryover Allocation is delivered to the Partnership.

(xv) Depreciation Schedule. The General Partner shall take all acts and make any necessary filings or elections to cause the Project’s improvements to be depreciated for tax purposes in accordance with the Projections and shall not take any action or permit any event or circumstances to occur which would cause depreciation of the Project’s improvements to be changed therefrom. The General Partners shall cause to be kept adequate records of any such filings or elections and all other matters applicable to the Partnership’s depreciation of the Project’s improvements.

(m) Mold Inspections: The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any material amount of mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten (10) business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the
mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

§6.5 Fees for Services Rendered. The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

(a) Development Fee. As provided in the Development Agreement and §3.2(b) hereof, the Partnership shall pay the Developer Fee to the Developer for the services and obligations described in the Development Agreement.

(b) Intentionally Omitted.

(c) Asset Management Fee. The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, tax credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.

(d) Disposition Fee. The Partnership shall pay the Asset Manager a Disposition Fee equal to $25,000 at the time of closing of the sale of the Project (out of the net sales proceeds) or the Limited Partner's interest in the Project.

(e) Incentive Partnership Management Fee. The Partnership shall pay an Incentive Partnership Management Fee, on an annual, non-cumulative basis, in the amount and priority specified in §5.1(a) hereof to compensate the General Partner for monitoring the activities of the Partnership, supervising the Management Agent, and reporting to the Asset Manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period.

(f) Other Considerations.

(i) The Development Agreement and any other agreement entered into by the Partnership and the General Partner, the Special Limited Partner, or any of their Affiliates thereof will specifically provide that such agreement shall be terminable, with respect to each of them, at the election of the Limited Partner if the General Partner or Special Limited Partner is removed pursuant to §10.6 hereof; provided, however, that any accrued or deferred fees payable to either Developer pursuant to the Development Agreement will be paid to that Developer through the date of such termination.

(ii) None of the payments or reimbursements to any of the Persons indicated above will be considered a distribution of Cash Flow to any Partner and, except as otherwise specifically provided herein, the General Partner may make any
such reimbursement or payment prior to any distribution of any Cash Flow to the Partners.

Notwithstanding anything to the contrary herein, the sum of (A) the Incentive Partnership Management Fee, plus (B) any other incentive fees, plus (C) if the Management Agent is an Affiliate of the General Partner, the fee payable to the Management Agent pursuant to the Property Management Agreement, shall not exceed 12% of the gross income of the Partnership, adjusted for regional variations.

§6.6 **Outside Ventures of Partners.** Any Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

§6.7 **Dealing With Affiliates.** The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

§6.8 **Indemnification of Partnership and Limited Partner, Limitation on Liability.**

(a) The General Partner and Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the presence on or under the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

(b) In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses (including reasonable attorneys' fees), damages, or liabilities incurred by the Limited Partner upon demand by the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any
source. The foregoing indemnification obligations of the General Partner and Special Limited Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership's business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this §6.8(b) to the Limited Partner shall include each of the Limited Partner's assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and Special Limited Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner and Special Limited Partner. The indemnification authorized by this §6.8(b) shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action. The parties hereto agree and acknowledge that the Limited Partner's exercise of the rights and approvals reserved to the Limited Partner under this Partnership Agreement shall not constitute participation in the control of the Partnership's business for purposes of this paragraph.

(c) The General Partner shall defend, indemnify, and hold harmless the Partnership, Limited Partner and Special Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of the General Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the General Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner and/or Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner's breach of any of the representations, warranties, or covenants contained herein, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner and/or Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner's breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner's deferral of the payment of its Capital Contribution pursuant to §3.2. The General Partner shall defend, indemnify and hold harmless the Limited Partner and Special Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and Special Limited Partner, has made a determination that such liability is the result of actions taken by the Limited Partner or Special Limited Partner or rights exercised by the Limited Partner or Special Limited Partner with respect to the operation of the Limited Partner or Special Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The General Partner's obligations described in this §6.8 shall survive the termination and/or liquidation of the Partnership.

-74-
(d) The Special Limited Partner shall defend, indemnify, and hold harmless the Partnership, General Partner and Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees, arising directly or indirectly, in whole or in part, out of the Special Limited Partner’s gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the Special Limited Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, General Partner and/or the Limited Partner may pursue any other available legal or equitable remedy against the Special Limited Partner with respect to the Special Limited Partner’s breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner’s deferral of the payment of its Capital Contribution pursuant to §3.2. The Special Limited Partner shall defend, indemnify and hold harmless the General Partner and Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and Special Limited Partner, has made a determination that such liability is the result of actions taken by the General Partner or Limited Partner or rights exercised by the General Partner or Limited Partner with respect to the operation of the Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The Special Limited Partner’s obligations described in this §6.8 shall survive the termination and/or liquidation of the Partnership.

(e) Subject to the extent of any amount of insurance proceeds received by the Partnership in respect of any insurance policy insuring the acts of the General Partner in its role as a general partner, the General Partner shall not be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of authority granted to it by this Partnership Agreement and in the best interest of the Partnership; provided, however, such insurance proceeds are applied towards and in satisfaction of any liability or obligations to the Partners for which the insurance proceeds were paid, and such acts or omission was not attributable to any negligence, willful breach, misconduct, fraud or any breach of fiduciary duty on the part of the General Partner.

(f) The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of (i) the use of Foreign Drywall in the construction of the Project, and (ii) the use by the Contractor of its sales tax exemption.
Notwithstanding anything to the contrary in this §6.8, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

§6.9 Credit Adjusters.

(a) **Permanent Reduction in Tax Credit.** If, as of the end of the first year of the Credit Period and based upon the Cost Certification prepared by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period (a “Permanent Credit Reduction”), then there will be a reduction (the “Permanent Credit Reduction Adjustment”) in the Limited Partner’s Capital Contribution in an amount equal to the product of (i) the Permanent Credit Reduction and (ii) $0.7701. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (A) the actual Applicable Percentage being less than projected; (B) the actual Eligible Basis being less than projected; (C) the actual Qualified Basis as of the end of the first year of the Credit Period being less than the projected Qualified Basis; (D) the actual final allocation of Tax Credits as indicated on Form 8609 being less than the Projected Tax Credits; or (E) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner’s Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment. In the event that any Capital Contribution installments are reduced or General Partner and Special Limited Partner payments are required to be made under this §6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the “Projected Tax Credits” and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Agreement.

(b) **Timing Difference in Tax Credits (Downward).** If, for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, any portion of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during
such Projected First Tax Credit Year and the Projected Second Tax Credit Year, but must be
delayed and taken in a later year or years of the Compliance Period, then the Limited Partner
shall be entitled to reduce its Capital Contribution by an amount equal to $0.5776 times the
amount by which the Projected Tax Credits for the Projected First Tax Credit Year and the
Projected Second Tax Credit Year, respectively, exceed the Actual Tax Credits for such year
(the "Timing Reduction"). This Timing Reduction is intended to compensate the Limited
Partner for the reduced present value of such delayed Tax Credits. No adjustment shall be
made under this §6.9(b) for any shortfall in Tax Credits for which an adjustment is already
made pursuant to §6.9(a). In the event that there are no remaining Limited Partner Capital
Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital
Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing
Reduction against the remaining Limited Partner Capital Contribution installments, the
General Partner and Special Limited Partner shall immediately make a Capital Contribution
to the Partnership in an amount necessary for the Partnership to make the Timing Reduction,
followed by an immediate distribution in such amount by the Partnership to the Limited
Partner, unless it is determined by the Limited Partner's Tax counsel that such a distribution
would cause the Partnership profits, losses, and credits to be allocated other than in
accordance with the percentage interests of the Partners, in which event the General Partner
and Special Limited Partner shall pay directly to the Limited Partner an amount which, on
an after-tax basis will be equal to the Timing Reduction.

(c) **Ongoing Credit Shortfall.** If, for any fiscal year after the Projected First
Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are, on a cumulative
basis, less than the Projected Tax Credits (as adjusted in any revised Projections prepared
pursuant to §6.9(a) or (b)) for such fiscal year or (2) a Limited Partner is required to
recapture (resulting from other than a transfer of part or all of the Limited Partner's
Partnership Interest) all or any part of the Tax Credits claimed by it in any prior fiscal year
of the Partnership (the "Credit Shortfall"), then, at the option of the Limited Partner, the
Limited Partner's Capital Contributions shall be reduced in chronological order in an
amount (the "Credit Reduction Payment") equal to the sum of One Dollar ($1.00) times (i)
the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections
prepared in connection with §6.9(a) or (b)) for the fiscal year and all subsequent fiscal years,
and (B) the Actual Tax Credits for such fiscal year and the Tax Credits projected by the
Accountant as being available to the Limited Partner for all subsequent fiscal years, and (ii)
the amount of the Tax Credits recaptured in such fiscal year, plus the amount of any interest
or penalty payable by the Limited Partner as a result of the recapture. In the event there are
no remaining Capital Contributions or the Credit Reduction Payment exceeds the amount of
remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to
offset the Credit Reduction Payment against the remaining Limited Partner Capital
Contribution payments, the General Partner and Special Limited Partner shall immediately
make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction
Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be
immediately distributed to the Limited Partner and shall neither constitute nor be limited by
the distribution limits for Cash Flow, pursuant to §5.1, hereof, or for Net Cash from Sales
and Refinancings, pursuant to §5.2, hereof.
(d) **Permanent Increase in Tax Credit.** If it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be greater than the Projected Tax Credits over the Credit Period (such difference being defined herein as the “Permanent Credit Increase”) and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Permanent Credit Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Permanent Credit Increase, and (ii) the then prevailing market price as determined by the Limited Partner in its sole reasonable discretion; provided, however, such increase will be limited to a one-time increase and will occur during the six (6) month period following the issuance of a final certificate of occupancy for all Residential Units and receipt of IRS Forms 8609s.

(e) **Limitation on Upward Adjuster.** Notwithstanding anything to the contrary contained herein, in no event shall the increase in the Limited Partner’s Capital Contribution pursuant to §6.9(d) exceed, in the aggregate, ten percent (10%) of the Limited Partner’s Capital Contribution as set forth in the Projections in effect on the date of this Partnership Agreement (i.e., no subsequent increases in the Limited Partner’s Capital Contribution shall be taken into account for purposes of calculating the ten percent (10%) limitation).

(f) **Specified Products Adjuster.** Prior to the date of the payment of the Second Installment of Project Equity, and based upon the final Specified Products Utilization Certification received and approved by the Asset Manager, the Asset Manager shall determine whether the Project has failed to achieve either (a) 90% of the Overall Cost Goal or (b) 80% of each of the Specified Manufacturer’s Products Cost Goals based in each case upon the Specified Products Utilization Plan, as the plan may have been amended with the approval of the Asset Manager in the course of construction of the Project to reflect actual costs provided by the General Partner and Special Limited Partner. If the Asset Manager determines that the requirements described in clause (a) or (b) of the previous sentence have not been met, then there will be a reduction in the total amount of Non-Deferred Developer Fee Equity remaining to be paid equal to the product of (i) the Projected Tax Credits, and (ii) $0.02 (the “Specified Products Reduction Adjustment”); provided, however, that the Limited Partner in its sole discretion may elect to reduce the amount of any such adjustment taking into consideration the actual level of Specified Products utilized in the course of construction of the Project. In the event that the Specified Products Reduction Adjustment required hereunder exceeds the aggregate amount of Non-Deferred Developer Fee Equity remaining to be paid, then the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Specified Products Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner. If it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, then, in place of such a distribution, the General Partner and Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the amount necessary for the Partnership to make the Specified Products Reduction
Adjustment. In the event that a Capital Contribution installment is reduced or General Partner and Special Limited Partner payment are required to be made under this Section 6.9(f), the Projections attached hereto as Appendix I will be correspondingly revised and, as revised, will be determinative of the “Projected Tax Credits” and other defined amounts referenced in this Partnership Agreement if there is a conflict between the Projections, as amended, and any defined amounts referenced in this Partnership Agreement.

(g) Repurchase. Notwithstanding anything contained herein to the contrary, in the event that (1) the Project Property does not generate any Tax Credits during calendar year 2012 for any reason whatsoever, (2) Construction Completion and Placement in Service of all buildings are not achieved, or in the reasonable judgment of the Limited Partner, based on all of the relevant facts and circumstances, will not be achieved on or before the Construction Completion Date (which in no event shall exceed the end of the second year after the year in which the Project receives a Tax Credit allocation pursuant to §42(h)(1)(E) of the Code or by the date required by any Lender or State Agency), (3) the Partnership fails to comply with any other requirements of §42 of the Code and such failure is not cured within any cure period provided by the State Housing Finance Agency, including the minimum set-aside test and/or the rent restriction test before the end of the first year of the Credit Period, or any requirements set forth in the Regulatory Agreement, (4) Stabilized Occupancy does not occur by December 31, 2012, unless the General Partner and Special Limited Partner fund all Operating Deficits until Stabilized Occupancy occurs, (5) the Partnership’s basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a Carryover Allocation of Tax Credits, was not 10% of the Partnership’s reasonably expected basis in the Project Property, as required pursuant to §42(h)(1)(E) of the Code, (6) proceedings have been commenced, filed or initiated to foreclose the Construction Loan mortgage or permanently enjoin construction or rehabilitation of the Project and such proceedings have not been stayed or vacated within thirty (30) days of commencement, filing or initiation, (7) the General Partner and Special Limited Partner fail to make the post-closing document deliveries in a timely manner pursuant to §3.9 or commence construction as provided for in §3.9, (8) the General Partner and Special Limited Partner fail to timely deliver to the Limited Partner a Form 8609 for each building in the Project, (9) foreclosure proceedings have been commenced under any Project loans, (10) the General Partner, Special Limited Partner or Guarantor fails to provide or cause to be provided any funds required to be provided by such General Partner and Special Limited Partner hereunder or by such Guarantor under a Guaranty Agreement within thirty (30) days after written notice that continued failure to pay will result in exercise of rights under this section, (11) a default occurs under §10.6 hereof and is not cured within any applicable cure period, (12) any portion of the Project was constructed using Foreign Drywall, or (13) the Permanent Loan has not been fully funded on or before the Conversion Deadline (as defined in the Permanent Loan Documents), then, in any such event, upon the written notice of the Limited Partner, the General Partner and Special Limited Partner shall purchase the Limited Partner’s entire interest in the Partnership for an amount equal to (x) the sum of (A) all
Capital Contributions actually made to the Partnership by the Limited Partner, plus (B) all expenses incurred by the Limited Partner in connection with entering into the Partnership (not including any funds reimbursed), minus (y) an amount equal to the purchase price paid by the Limited Partner for any Tax Credits already received by the Limited Partner, net of any amounts that the Limited Partner has paid or will have to pay as the result of any recapture of any portion of the Tax Credits that the Limited Partner has received, and (z) any amounts that have already been reimbursed to the Limited Partner by the Partnership and/or the General Partner and Special Limited Partner (the “Repurchase Amount”). Notwithstanding anything to the contrary in this Partnership Agreement, the Limited Partner may, in its sole discretion and at any time following any of the events described in this Section 6.9(g), after any applicable notice and cure period and regardless of whether the Repurchase Amount or any portion thereof has been received by the Limited Partner at such time, withdraw from the Partnership as the Limited Partner. Upon receipt of this amount, the Limited Partner’s interest as a limited partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner and Special Limited Partner or their designee(s), and the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

(g) **Failure to Pay; Remedies.** If the General Partner or Special Limited Partner fail to pay any amount payable pursuant to §6.9(a), (b) or (c) above, or the repurchase amount pursuant to §6.9(f), owing to the Limited Partner within ten (10) days after written demand by the Limited Partner (with a copy to the Special Limited Partner), then, in addition to any other rights the Limited Partner may have, any sums payable to the General Partner or Special Limited Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or Special Limited Partner or their Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this §6.9 are fully repaid. For purposes of this Partnership Agreement, any sums distributed to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner or Special Limited Partner (or their Affiliates) and subsequently loaned by the General Partner or Special Limited Partner to the Partnership, followed by a distribution to the Limited Partner from the Partnership of such loan proceeds in satisfaction of the General Partner’s and Special Limited Partner’s obligations hereunder. Any such deemed loan by the General Partner or Special Limited Partner to the Partnership shall bear no interest and shall be reimbursable to the General Partner or Special Limited Partner out of Cash Flow in accordance with the priority set forth in §5.1(a) hereof, or out of the proceeds of refinancing or sale pursuant to §5.2(a) hereof. The rights and remedies granted to the Limited Partner by this §6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner and Special Limited Partner under this §6.9 are deemed to have arisen as a consequence of a transaction between the General Partner, Special Limited Partner and the Limited Partner other than in their capacities as Partners and the Capital Accounts or loans
of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

(h) **Survival** The obligations of the General Partner, Special Limited Partner and their Affiliates prescribed or described in this §6.9 will survive the termination and/or liquidation of the Partnership.

(i) **Joint and Several.** Notwithstanding anything to the contrary in this §6.9, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

§6.10 **Publicity and Promotional Events.** The General Partner shall be obligated to notify the Asset Manager at least fifteen (15) days in advance of any (a) groundbreaking, (b) open house, (c) public relations event or other similar activities related to the Project. Representatives of the Limited Partner (including any beneficial owners thereof), the Special Limited Partner, the Asset Manager and any investors who have provided funds that have been invested in the Project by the Limited Partner (collectively, the “Publicity Parties”) shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. Any costs related thereto shall be paid by the Partnership. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs. The General Partner acknowledges that it will benefit from any publicity generated by the Publicity Parties with respect to the Project. In consideration thereof, the Partnership hereby consents, grants, and releases to the Publicity Parties all rights related to the use of the Project, including, but not limited to, the use of the name of the Project, any photographs of the Project, and any written materials related to the Project, in any commercial, promotional or marketing materials such as press releases, publications, and publicity events that any of the Publicity Parties may wish to issue or conduct.

§6.11 **Co-General Partners.** If there is more than one General Partner, or if the General Partner is a joint venture or partnership in which there is more than one general partner, then all general partners of the partnership or of such joint venture of partnership shall be jointly and severally liable to the Partnership, to the Limited Partner, and to its successors and assigns for all obligations of the General Partner, and for any damages that may arise from the acts or omissions of any of such general partners in their performance or breach of the guaranties, management, and all other obligations and the representations and warranties of the General Partner, whether now existing or hereafter created, under this Partnership Agreement as the same may from time to time be amended and under applicable law. Notwithstanding anything to the contrary herein, no General Partner shall be liable to the Partnership or to the Limited Partner for the fraud of any other General Partner.

§6.12 **Representation of General Partner, Special Limited Partner and Limited Partner.** The General Partner, Special Limited Partner and Limited Partner acknowledge and represent that the State Housing Finance Agency (the “Commission”) (i) has neither underwritten the Project nor (ii) certified that any of the buildings will actually meet the
requirements necessary to qualify for the Tax Credit, (iii) the Commission has not performed any independent investigation as to the qualification of the buildings in the Project for the Tax Credit and will not perform such investigation or otherwise monitor the buildings or eligibility for the Tax Credit in the future except as required by law, (iv) the Commission makes no representation concerning the applicability of the Tax Credit to the buildings in the Project or the ability of any owner or investor in the Project to utilize such Tax Credit, (v) the Commission has not performed any review nor makes any representations of the commercial viability of the Project, (vi) the Partnership is not the agent of the State Housing Finance Agency and has no authority to act on behalf of, or bind the State Housing Finance Agency, including its officers, employees and representatives, (vii) the State Housing Finance Agency bears no liability to any owner, investor, tenant, lender, or any other person or entity for any claim arising out of the Project or the Tax Credit program, and (viii) the Partnership has consulted with its tax counsel to determine whether the Project qualifies for Tax Credits; whether the General Partner, Special Limited Partner and Limited Partner may utilize the Tax Credit, if any; and the commercial viability of the Project.

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNERS

§7.1 Limitation of Liability. Except as otherwise required under the Act (relating to a limited partner’s liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner and the Special Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such limited partner’s agreed-upon Capital Contribution.

§7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, neither the Limited Partner nor the Special Limited Partner shall participate in the operation, management, or control of the Partnership’s business, transact any business in the Partnership’s name, or have any power to sign documents for or otherwise bind the Partnership.
ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS

§8.1 Books of Account. The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. All decisions as to the fiscal year and accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project’s Compliance Period or as long as is required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least six (6) years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Property Management Agent to cooperate fully and in good faith, with the Asset Manager, the Special Limited Partner and the Limited Partner with respect to their monitoring of the Partnership’s operation of the Project Property, including the review of and compliance with Tax Credit related laws and regulations.

§8.2 Management Reports. The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within twenty (20) days (unless otherwise stated below) after such report is filed with any such governmental agency, a Lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager and the Special Limited Partner the following reports:

(a) Monthly Development Reports. During the Project development period (and through completion of lease-up with respect to Section 8.2.(a)(ii)) of the Project, within ten (10) days after the end of each month, the General Partner shall provide a (i) Specified Products Utilization Certification, and (ii) monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner or the Special Limited Partner may reasonably request.
(b) **Quarterly Management Reports.** Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than fifteen (15) days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager or the Special Limited Partner may request.

(c) **Annual Budget.** Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner and Special Limited Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis prepared by the General Partner and Special Limited Partner in a form satisfactory to the Asset Manager of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner and Special Limited Partner.

(ii) The Asset Manager shall submit to the General Partner and Special Limited Partner, in writing, any comments on the proposed budget within thirty (30) days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner and Special Limited Partner shall have fifteen (15) days to submit a response, in writing, to the Asset Manager’s comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner’s and Special Limited Partner’s comments within fifteen (15) days after receipt of same,
the General Partner and Special Limited Partner shall submit a revised proposed budget within fifteen (15) days after receipt of the Asset Manager’s comments, responding to same.

(d) **Annual Real Property Tax-Exemption or Abatement.** To the extent the Partnership is expected to receive, on an annual basis, a partial exemption from real property taxes in respect of the Project, the General Partner shall, no later than June 30th of each calendar year, or such other date as may be established by Texas law, throughout the term of the Compliance Period, prepare and submit to the appropriate agency or authority and the Asset Manager, such documents as may be required to permit the Partnership to receive a partial exemption from real property taxes. The Partnership will reimburse the General Partner for any reasonable costs associated with such compliance, including but not limited to the cost of financial audit with respect to the General Partner or with regard to the Sponsor, but only to the extent that involvement of the Sponsor with the Project results in additional audit costs to Sponsor.

(e) **Other Information.** Upon request from time to time, the General Partner and Special Limited Partner shall provide such information and reports as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

(f) **Annual Certification of Compliance.** The General Partner and the Special Limited Partner shall deliver to the Asset Manager, within five (5) days after submission, a copy of the Project’s annual certification of compliance that was submitted to the State Housing Finance Agency.

§8.3 **General Disclosure.**

(a) The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events or receipt of the following information as quickly as possible but no later than five (5) days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Project’s hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency
with respect to the Partnership or the Project, together with a copy of any such notice;

(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (A) the extent of the damage to the Project, (B) any expected delays in construction or rehabilitation, (C) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (D) the amount that is anticipated to be recoverable under available insurance policies.

(b) The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events with ten (10) days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserves was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

§8.4 Tax Information.

(a) Tax Credit Eligible Basis. Within forty-five (45) days after substantial completion of the Project's construction, a Tax Credit Eligible Basis worksheet for each building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

(b) Financial Reports.

(i) The General Partner shall, within fifteen (15) days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited financial statements for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, on or before February 28th of the following calendar year (the “Submission Date”), a written report prepared by the Accountant, which shall include a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements certified by the Accountant (the “Report”). The Report’s audited financial statement shall include the following: a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial
summary which reconciles and summarizes the financial statements and bank statements as of the end of such year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners' capital; the status, amount, and timing of the projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or the Accountant to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes. If the General Partner fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date, the General Partner shall be assessed a penalty of $100 per day pursuant to §8.6 below; provided, however, no penalty shall be imposed if the General Partner submits both (A) an “unaudited” financial statement by the Submission Date; and (B) the audited financial statement by April 15th of the same calendar year. Without limiting the right of the Limited Partner under §8.6(c) below, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if the Accountant fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date.

(ii) In addition to the requirements set forth in §8.4(b)(i) above, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, (A) on or before December 31st of the year the Project achieves Placement in Service, an “interim” audited financial statement, which shall reflect the financial status of the Project as of September 30th of that year, and (B) at any time after the first calendar quarter of each year within thirty (30) days after notice from the Asset Manager, (I) unaudited or, at the election of the Asset Manager, audited financial statements of the General Partner for the prior calendar year, (II) tax returns of the General Partner, Guarantor Group A (if available), and Guarantor Group B for the preceding calendar year and (III) such other financial information documenting the current financial condition of the General Partner, Guarantor Group A (if available), and Guarantor Group B as the Asset Manager may reasonably require.

(iii) The General Partner shall submit or cause to be submitted to the Asset Manager within (A) fifteen (15) days after each calendar quarter, unaudited financial statements for the Guarantors; and (B) forty-five (45) days after each calendar year, unaudited financial statements for the Guarantors, until such time as all of the General Partner Obligations (as defined in the Guaranty Agreement) have been fully performed or paid.

(c) Tax Returns. With respect to each taxable year of the Partnership, the General Partner shall (i) deliver to the Asset Manager and the Special Limited Partner, for review and approval, within thirty (30) days after each taxable year ends, drafts of Form 1065 and Schedule K-1 or any successor federal return of income forms required to
be filed on behalf of the Partnership, and any and all other forms, schedules, materials
required in connection therewith (the "Tax Return Documents"), and (ii) cause to be
prepared and filed with the appropriate agencies within sixty (60) days after each taxable
year ends, the Tax Return Documents, which shall be revised or amended to include any
comments made by the Asset Manager. In addition, the General Partner shall comply
with all requirements of §6.3(b) hereof with respect to anticipated Tax Credits and other
tax benefits.

(d) **Tax Returns Due to Termination.** If, pursuant to §9.1 below, there are
subsequent transfers of Limited Partner's beneficial interests or partnership interests
which cause a termination of the Partnership pursuant to §708(b) of the Code
("Termination"), the General Partner shall (i) deliver to the Asset Manager, for its review
and approval, within thirty (30) days after receipt of written notice from the Limited
Partner of such Termination, a draft of Form 1065 and Schedule K-1 or any successor
federal return of income forms required to be filed on behalf of the Partnership, and any
and all other forms, schedules, materials required in connection therewith (the
"Termination Tax Return Documents"), and (ii) cause to be prepared and filed with the
appropriate agencies within the time period prescribed under the Code, the Termination
Tax Return Documents, which shall be revised or amended to include any comments
made by the Asset Manager. Any costs associated with the General Partner's satisfaction
of this Section 8.4(d) shall be paid in accordance with §9.1 below.

(e) **Estimated Tax Credits.** Prior to October 15th of each year, the General
Partner shall send to the Asset Manager and the Special Limited Partner an estimate of the
Limited Partner's and the Special Limited Partner's share of Tax Credits by each building of
the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal
income tax purposes in a form specified by the Limited Partners. The General Partner and
the Accountant shall prepare this estimate.

§8.5 **Review of Compliance.**

(a) The General Partner shall, seventy-five (75) days after the end of each fiscal
year of the Partnership, certify to the Asset Manager and the Special Limited Partner in the
same scope and manner that it is required to certify, if requested, to the applicable State
Housing Finance Agency, that the Partnership is in compliance with all regulations and
procedures relating to the operation of the Project as a qualified Tax Credit project within
the meaning of §42(h) of the Code. Upon initial lease-up of the Project and thereafter no
more frequently than annually, the Limited Partner may, at the Partnership's expense,
conduct or cause to be conducted an audit or review (which may include an on-site
inspection of the Project) of the Partnership's compliance with all regulations and
procedures relating to the operation of the Project as a qualified Tax Credit project within
the meaning of §42(h) of the Code. This audit or review will be conducted not less than
thirty (30) nor more than ninety (90) days following a written request by the Limited Partner
for such audit or review. The General Partner shall cooperate with any such audit by
making appropriate personnel of the General Partner and the Property Management Agent
and all books and records (including, without limitation, copies of initial tenant files, any IRS Forms 8823 issued to the Partnership, and other applicable related documents and reports) of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

(b) The General Partner shall, within thirty (30) days following achievement of Qualified Occupancy, deliver to the Asset Manager and the Special Limited Partner one or more discs containing scanned copies of the First Year Tenant Files.

(c) The General Partner shall provide access to the Project at all reasonable times and upon reasonable advance notice and shall extend full cooperation to the Asset Manager or the Special Limited Partner in connection with such physical inspections of the Project and any records as the Asset Manager or the Special Limited Partner may wish to conduct in order to monitor the General Partner's performance of its obligations under this Partnership Agreement.

§8.6 Failure to Provide Information.

(a) Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a $100 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (i) waived by the Limited Partner, or (ii) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner.

(b) If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to §5.1 or §5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

(c) Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if any of the above applicable reporting requirements are not met. The failure on the part of the General Partner to remove the Accountant and replace it with an accounting firm that is acceptable to the Limited Partner within thirty (30) days of a written request to do so from the Limited Partner shall be an Event of Default under §10.6(a) hereof.

(d) If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner and the Special Limited Partner under Article 8, such delay shall constitute an Event of Default under §10.6(a) hereof.
ARTICLE 9: TRANSFER OF LIMITED PARTNER’S PARTNERSHIP INTERESTS

§9.1 Voluntary Transfers.

(a) A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interest, so long as such Voluntary Transfer complies with the following conditions: (i) the General Partner has received a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of and agreement to be bound by all of the terms and conditions of this Partnership Agreement; (ii) all requirements of applicable state and federal securities laws have been complied with; (iii) such Voluntary Transfer will not result in the Partnership’s loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interest; (iv) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; and (v) the General Partner has received evidence of any applicable consents required for such transfer. Upon compliance with all of the conditions of this §9.1, such Voluntary Transfer of a Limited Partner’s Partnership Interest binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interest. If any transfer of a Limited Partner’s Partnership Interest, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

(b) The Limited Partner intends to either (i) hold only bare legal title to its Partnership Interest and will ultimately transfer beneficial interests in its Partnership Interest to one or more Persons, or (ii) ultimately transfer its Partnership Interest to an investment fund managed by an Affiliate of the Limited Partner, and in either case, the Limited Partner or such Persons or investment fund may also transfer such beneficial interests or Partnership Interest, or, as security for debt, assign or pledge all or portions of such Partnership Interest. If, pursuant to §9.1, there are subsequent transfers of Limited Partner’s beneficial interests or partnership interests which cause a termination of the Partnership pursuant to §708(b) of the Code, the Limited Partner shall pay to the Partnership any costs actually incurred by the Partnership in connection with the Partnership’s preparation of multiple tax returns for the year in which the termination occurred. Notwithstanding the provisions of §9.1(a), the General Partner hereby acknowledges and consents to any such transfers, assignments or pledges, and agrees that, upon any such transfer or any foreclosure or other enforcement under any such assignment or pledge, it will recognize the assignee of the (X) beneficial interests as the owner of such beneficial interests in the Partnership Interest, or (Y) Partnership Interest as the Substituted Limited Partner.

(c) The Limited Partner or its transferee shall reimburse the Partnership for any reasonable costs actually incurred by the Partnership as a result of a transfer pursuant to this §9.1.
§9.2 General Partner's Consent to Substitution as a Limited Partner.

(a) In addition to the requirements set forth in §9.1(a), an Assignee of a Limited Partner’s Partnership Interest, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld and is hereby granted for the transfers, assignments and pledges described in §9.1(b); provided that no such consent shall be required for the substitution of an Assignee that is an Affiliate of the Limited Partner. The General Partner shall duly file for record any required amendment to the Certificate of Formation reflecting such substitution in such public offices as shall be required under the Act. The effective date of the substitution of the Assignee as a Substituted Limited Partner shall be the date on which the General Partner provides its consent if required or the date of the assignment to such Affiliated Assignee, as the case may be.

(b) If the General Partner’s consent is required but the General Partner does not consent to the substitution of an Assignee of a Limited Partner’s Partnership Interest, then the transferor Limited Partner retains all the rights of a transferor of a limited partnership interest under the Act and, except as otherwise provided in §9.4, the Assignee shall not be treated as owning any interest in the Partnership. In particular, an Assignee of a Limited Partner’s Partnership Interest, other than an assignee of a beneficial interest, who is not admitted as a Substituted Limited Partner under this §9.2 shall not be entitled to: (i) require any accounting of the Partnership’s transactions; (ii) inspect the Partnership’s books and records; (iii) require any information from the Partnership; or (iv) exercise any privilege or right of a Limited Partner that is not specifically granted to a nonsubstituted transferee of a limited partnership interest under the Act.

§9.3 Involuntary Transfers. The Involuntary Transfer of all or any part of any Limited Partner’s Partnership Interest will not cause the dissolution and termination of the Partnership, but rather the business of the Partnership is continued without interruption in accordance with the provisions of this §9.3. Upon an Involuntary Transfer of all or any part of any Limited Partner’s Partnership Interest, such Limited Partner’s successor or legal representative shall automatically be deemed to be a Substituted Limited Partner.

§9.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of the Limited Partner’s Partnership Interest is recognized by the Partnership under this Article 9, then all allocations of Profits and Losses attributable to the transferred Partnership Interest shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the General Partner which is then permitted under §706 of the Code and the Regulations promulgated thereunder. All distributions of Cash Flow made prior to the effective date of any such transfer shall be made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee.
§9.5 **Disposition of Project.** Subject to the restrictions set forth below, the General Partner may cause the sale of all or any portion of the assets or business of the Partnership for their fair market value upon such terms as it shall determine in the exercise of reasonable discretion and prudent business judgment. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in §5.2 or §11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this §9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with §5.2 or §11.2 hereof, as applicable. Except as specifically provided below, the General Partner shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing:

The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last twelve (12) months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner and the Special Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in §9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. If such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, however, the General Partner shall, commencing upon expiration of Purchase Option and Right of First Refusal begin advertising the Project for sale and entertaining third-party purchase offers, as described above. Notwithstanding the foregoing, any disposition of the Project shall be conducted in accordance with the Extended Use Agreement and the rules of the State Housing Finance Agency.

§9.6 **Purchase Option and Right of First Refusal.** The provisions of §9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and Grantee, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to Grantee an option to purchase the Project or the Limited Partner’s Partnership Interest and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner remains in good standing as General Partner without the occurrence of any event described in §10.6 hereof.

§9.7 **Intentionally Omitted.**

**ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP INTERESTS**

§10.1 **Voluntary Transfers.**
(a) The Partnership shall not recognize any Voluntary Transfer of a General Partner’s Partnership Interest and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (i) the proposed transfer is of all the Partnership Interest owned by such General Partner; (ii) the Limited Partner and the Special Limited Partner have each received a copy of a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (iii) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (iv) such Voluntary Transfer will not result in the termination of the Partnership for federal income tax purposes; (v) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; (vi) the Partnership receives an opinion of legal counsel to the effect of clause (v); and (vii) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

(b) Upon compliance with this §10.1, such transfer of a General Partner’s Partnership Interest shall bind the Partnership and all the Limited Partners and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this §10.1, the transferee of a General Partner’s Partnership Interest shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

§10.2 Involuntary Transfers. An Involuntary Transfer of a General Partner’s Partnership Interest at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within thirty (30) days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership’s affairs and business wound up and terminated pursuant to Article 11. An Involuntary Transfer of a General Partner’s Partnership Interest when there is no other General Partner in existence shall dissolve the Partnership and the Partnership’s affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of §10.3.

§10.3 Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner’s Partnership Interest, the Partnership will dissolve and the affairs and business of the Partnership will
be wound up and terminated under Article 11, unless within ninety (90) days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities, that are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership's existence set forth in this Partnership Agreement; and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) $100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

§10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner's Partnership Interest is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interest are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under §706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this §10.4.

§10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership without the prior written consent of the Limited Partner.

§10.6 Removal of General Partner and/or Special Limited Partner. The Limited Partner may remove the General Partner and/or the Special Limited Partner, for any of the following Events of Default in this §10.6(a), as applicable; provided, however, either Partner may be removed only as to its own default and not as to the default of the other Partner. Notwithstanding anything to the contrary in the immediately preceding sentence, if there is an Event of Default under §10.6(a)(xiv) below with respect to the Guaranty Agreement between Guarantor Group A and the Limited Partner and the Guaranty Agreement between Guarantor Group B and the Limited Partner, both the General Partner and the Special Limited Partner may be removed by the Limited Partner pursuant to this §10.6, unless either the General Partner or the Special Limited Partner cures such default of Guarantor Group A and Guarantor Group B within thirty (30) days after notice of such default.

(a) Events of Default.

(i) Any fraud, gross negligence, malfeasance or intentional misconduct of the General Partners or Special Limited Partner; or
(ii) Any act by the General Partner or Special Limited Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner or Special Limited Partner of any fiduciary duty to the Partnership or the Limited Partner; or

(iii) The breach of any representation or warranty of the General Partner or Special Limited Partner contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(iv) The breach by the General Partner or Special Limited Partner of any covenant of the General Partner or Special Limited Partner contained in this Partnership Agreement, including without limitation those contained in §6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(v) Any action or inaction by the Partnership, General Partner or Special Limited Partner or any Affiliate of the General Partner or Special Limited Partner that does, or with the passage of time would, (A) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (B) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (C) violate any federal or state securities laws (as they relate to the Partnership or the Partnership Interest), (D) cause the Partnership to fail to qualify as a limited partnership under the Act, (E) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (F) qualify as an event of removal or withdrawal with respect to the General Partner or Special Limited Partner under the Act, or (G) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner and otherwise is not cured by payments made pursuant to §6.9 hereof or consented to by the Limited Partner; or

(vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such cost overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not materially adversely affect the Projections or financial viability of the Project or the Partnership; or

(vii) A material default occurs under the Construction Loan, Permanent Loan, Subordinate Loan, or any Project Documents and such default is not cured or waived by the Lender within thirty (30) days after the occurrence of such default, or if such default takes more than thirty (30) days to cure, the General Partner or Special Limited Partner has failed to commence diligent efforts to effect a cure within such thirty (30) day period and diligently pursue such remedies until the default is fully cured; or
(viii) The Project or the Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership, the Project, or the Limited Partner; or

(ix) Any Lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor’s action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor’s action by or against the Partnership and any such action is not dismissed within sixty (60) days; or

(x) The Partnership fails to achieve 80% of Projected Tax Credits with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Property Management Agent if at any time cause (as such term is defined in §6.4(i)(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner in accordance with the requirements of §8.6(c) hereof; or

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner or Special Limited Partner pursuant to §§6.4(f)(i), 6.4(f)(ii), §6.4(f)(iii), and §6.9 is not timely made by or on behalf of the General Partner or Special Limited Partner or any guarantor of such obligation; or

(xiv) The occurrence of a breach of any obligation, representation, warranty or covenant of any of the Guarantors under the Guaranty Agreement; or

(xv) A General Partner or Special Limited Partner permits an owner thereof to transfer a controlling interest in such entity without the consent of the Limited Partner as required in §6.3(dd) of this Partnership Agreement; or

(xvi) Repeated failure to provide in a timely manner any reports or information required to be submitted to the Limited Partner, the Special Limited Partner or the Asset Manager under Article 8, hereof; or

(xvii) The commencement by a General Partner or Special Limited Partner or a Guarantor of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

(xviii) The failure of the General Partner or Special Limited Partner to obtain the dismissal of any case commenced against a General Partner or Special Limited Partner (i) for the appointment of a trustee for such General Partner or
Special Limited Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors;

(xix) During the Compliance Period, the General Partner has operated the Project in a manner such as that 20% or more of the Tax Credit Units fail to qualify for the Tax Credits; or

(xx) The use by the General Partner of any funds in any of the reserves described in §6.4(g) above for purposes other than permitted therein.

(b) **Effectiveness.** Prior to removing and replacing the General Partner or Special Limited Partner for an Event of Default, the Limited Partner shall give the General Partner or Special Limited Partner reasonable prior written notice setting forth in detail the Event of Default(s) providing the basis for such possible removal and a reasonable opportunity to cure such default(s); provided, however, that no opportunity to cure such default(s) shall be given where the extent or nature of the default is such that there is a likelihood of material loss, liability, or prejudice to the Partnership or the Limited Partner, or both, from any delay in removal and replacement. If the grounds for removal justify an immediate removal under the preceding sentence, such removal shall be effective upon the delivery of a notice thereof to the specified address in accordance with §12.1 hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner or Special Limited Partner to cure the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision by the Limited Partner, in its sole and reasonable discretion, to remove the General Partner or Special Limited Partner, and

(iii) the Limited Partner provides the General Partner or Special Limited Partner with written notice of its removal as General Partner or Special Limited Partner, with a copy to the Special Limited Partner which notice shall specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner or Special Limited Partner shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities (including, without limitation, its obligations to make any payments pursuant to §§6.4(f)(i), 6.4(f)(ii), §6.4(f)(iii), and 6.9 of this Partnership Agreement and liabilities resulting from any breach of any of the representations and warranties set forth in §6.3 of this Partnership Agreement) incurred by it as a General Partner or Special Limited Partner before the effective date of such removal but is free of any obligations and liabilities incurred on account of Partnership activities from and after the time of such removal and (ii) all damages and other amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the Limited Partner or Special Limited Partner as a result of the occurrence of the event giving rise to such removal.
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

§11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

(a) The expiration of the term of the Partnership’s existence;

(b) The sale or other disposition of all or substantially all of the Partnership Property and the Partnership’s receipt of all or substantially all of the proceeds therefrom;

(c) The Partners’ mutual election to dissolve the Partnership;

(d) The Limited Partner’s election to dissolve the Partnership made at any time that is more than three years after the end of the Compliance Period;

(e) The failure of the Limited Partner to agree in writing at the time and in the manner provided in §10.3 hereof to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner’s Partnership Interest or the removal of the General Partner; or

(f) The Limited Partner’s election pursuant to §10.2 hereof to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner’s Partnership Interest, notwithstanding the fact that one or more other General Partner is in existence at such time.

§11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership’s liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership’s liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:
(a) First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates made pursuant to §6.4(f)(i), §6.4(f)(ii), and/or §6.4(f)(iii) hereof and the Guaranty Agreement and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

(b) Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this §11.2; and

(c) Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in §5.2(a) hereof and in accordance with the priority set forth therein; and

(d) Fourth, such liquidation proceeds will be distributed in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under §4.2(m) hereof.

§11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, then:

(a) Distributions will be made pursuant to §11.2 hereof (if such “liquidation” constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with §1.704-1(b)(2)(ii)(b)(2) of the Regulations;

(b) If a General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such General Partner will contribute to the capital of the Partnership the amount necessary to restore the balance in its Capital Account to zero;

(c) If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to §11.4 hereof; and
(d) Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the “liquidation” or (2) ninety (90) days after the date of the “liquidation”.

Notwithstanding anything to the contrary contained in this §11.3, in the event the Partnership is “liquidated” within the meaning of §1.704-1(b)(2)(ii)(g) of the Regulations, but such “liquidation” does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to §11.2 hereof. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

§11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in §11.3(b) hereof, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this §11.4, the Limited Partner and Special Limited Partner shall not have any obligation to restore any deficit in their Capital Accounts upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner and Special Limited Partner may from time to time elect to be obligated to restore a deficit in their Capital Accounts up to a limited dollar amount. Such election shall be made by the delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner or the Special Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner’s or the Special Limited Partner’s Partnership Interest.

§11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

§11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the Certificate of Formation, or any amendment thereto, of the Partnership and any and all other documents which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.
ARTICLE 12: MISCELLANEOUS

§12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership's principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three (3) business days after deposit in the United States mail.

§12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

§12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

§12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Texas.

§12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

§12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

§12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

§12.8 Limitation of Benefits. It is the explicit intention of the Partners that no person or entity other than the Partners and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners and the Partnership and their or its respective successors and assigns as permitted hereunder.

§12.9 Entire Agreement. This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or
written agreements, commitments, or understandings with respect to the matters provided for herein and therein. So long as any amount of the Construction Loan remains outstanding, the Partners shall not materially amend or modify §3.2 above with respect to the payment of the Limited Partner’s Capital Contributions, except pursuant to §6.9, without the prior consent of the Construction Lender, which shall not be unreasonably withheld, delayed or conditioned.

§12.10 Broker’s Commission and Indemnity. Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney’s fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

§12.11 Amendment of Partnership Agreement. Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

§12.12 Power of Attorney

(a) Generally. The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of §10.6 hereof, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii) all amendments to the Certificate of Formation or other instrument that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under the Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by the Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any part of its Partnership Interest hereunder. Nothing contained herein shall be construed to limit
the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.

(b) **Removal for Cause.** The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of §10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of §10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by §10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

§12.13 More Than One Limited Partner. The Limited Partner owning the majority of the Partnership Interests held by the Limited Partners (the "Majority Limited Partner") shall have the exclusive right to exercise all consents and approvals assigned to the Limited Partners under this Partnership Agreement. All of the Limited Partners agree to abide and be bound by the decisions of the Majority Limited Partner with respect to its exercise of the consent and approval rights assigned to the Limited Partners under this Partnership Agreement. The General Partner shall be required to provide all requested reporting and other information hereunder only to the Majority Limited Partner, provided that the General Partner will also deliver a separate copy of such report or other information to any other Limited Partner upon its request. If no one Limited Partner owns a majority of the Partnership Interests held by the Limited Partners, then all consents and approvals assigned to the Limited Partners under this Partnership Agreement shall be exercised by the Limited Partners owning a majority of such Partnership Interests, and the General Partner shall provide all requested reporting and other information hereunder to each of the Limited Partners.

[Remainder of this page intentionally left blank.]
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

<table>
<thead>
<tr>
<th>GENERAL PARTNER:</th>
<th>LIMITED PARTNERS:</th>
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<tbody>
<tr>
<td>PWA-VISTA RIDGE GP, L.L.C., a Texas limited liability company, its General Partner</td>
<td>NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee</td>
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<td>By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its Sole Member</td>
<td>By: Judy Schneider</td>
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<tr>
<td>Name: Judy Schneider</td>
<td>Its: Senior Vice President</td>
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<tr>
<td>By: Donald J. Maison, Jr., President and CEO</td>
<td>MS SHARED INVESTMENT FUND I LLC, a Delaware limited partnership</td>
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<td>Name: Judy Schneider</td>
<td>Its: Senior Vice President</td>
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<th>SPECIAL LIMITED PARTNER:</th>
<th>INITIAL LIMITED PARTNER:</th>
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<tr>
<td>CHURCHILL RESIDENTIAL, INC., a Texas corporation</td>
<td>BRADLEY E. FORSLUND, an individual</td>
</tr>
<tr>
<td>By: Bradley E. Forslund, President</td>
<td>By:</td>
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<tr>
<td>Name: Bradley E. Forslund, President</td>
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</table>
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

**GENERAL PARTNER:**
PWA-VISTA RIDGE GP, L.L.C., a Texas limited liability company, its General Partner

By: PWA Coalition of Dallas, Inc., a Texas non-profit corporation, its Sole Member

By: Donald J. Maison, Jr., President and CEO

**LIMITED PARTNERS:**

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: 
Name: 
Its: 

MS SHARED INVESTMENT FUND I LLC, a Delaware limited partnership

By: NEF Community Investments, Inc., an Illinois not-for-profit corporation, its manager

By: 
Name: 
Its: 

**SPECIAL LIMITED PARTNER:**

CHURCHILL RESIDENTIAL, INC., a Texas corporation

By: 
Name: Bradley E. Forslund, President

**INITIAL LIMITED PARTNER:**

BRADLEY E. FORSLUND, an individual

By: 

Evergreen at Vista Ridge - Partnership Agreement - Signature Page
## EXHIBIT A

### FORM OF SPECIFIED PRODUCTS UTILIZATION CERTIFICATION

**SPECIFIED PRODUCTS UTILIZATION CERTIFICATION**

**[INSERT NAME OF PROJECT]**

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**General Partner's and General Contractor's Certification**

The undersigned Partner/Partner's and/or the General Contractor certifies the information contained in the schedule above is true and correct and that the quantity and cost of the Specified Products identified in the schedule above have been incorporated into the construction work on this project in accordance with the Construction Contract. The undersigned have also confirmed that this Certification together with all records that document the quantities and costs of the Specified Products identified in the schedule above will remain on file at the office of the General Contractor as required by the Construction Contract.

**NAME OF GENERAL PARTNER:**

**NAME OF GENERAL CONTRACTOR:**

**Acknowledged and Approved:**

<table>
<thead>
<tr>
<th>By</th>
<th>On</th>
<th>Name</th>
<th>Date</th>
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**CHI 59.649.715v4**

I-2
## EXHIBIT B

**FORM OF SPECIFIED PRODUCTS UTILIZATION PLAN**

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Product Name</th>
<th>Product Code</th>
<th>Gross Area in Building or Service Location</th>
<th>Quantity to be Purchased</th>
<th>Material Cost</th>
<th>Labor Cost if Installing Manufacturer</th>
<th>Total Cost</th>
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</thead>
<tbody>
<tr>
<td>Shear Industries</td>
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</table>

The information required by the highlighted costs must be completed by the Chief Financial Officer and approved by the CFO, Asset Management, and the Asset Manager.

Acknowledgement and Agreement:

The undersigned acknowledge and agree that the Specified Products Utilization Plan described in the [Amended and Restated] Partnership Agreement for the [Project Name] Project and that the Overall Cost Goal and Manufacturer's Product Cost Goal specified in the above spreadsheet, as such goals may be modified by subsequent revisions to this document signed by a Senior Vice President of the Asset Manager, are hereby incorporated into the Specified Products Utilization Plan for the subject Project.

**NEF BUILDING AMERICA FUND (BIA) - SPECIFIED PRODUCTS UTILIZATION PLAN**

**[INSERT NAME OF PROJECT]**

**[NAME OF GENERAL PARTNER] NEF COMMUNITY INVESTMENTS, INC.**

**[NAME] NEF COMMUNITY INVESTMENTS, INC.**

ACKNOWLEDGED and APPROVED:

**By:**

**By:**

**Date:**

**Date:**

CHI 59.049.715v4

I-3
EXHIBIT C

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL.
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Vista Ridge

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication asking for approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Brad – unfortunately NEF cannot provide permission to accommodate 811 units in NEF’s existing projects. The attached letter details the reasoning.

If you have any questions or need anything further, please let me know.

Thank you – Jason

---

Jason Aldridge  |  Vice President of Originations
NATIONAL EQUITY FUND ®
5332 Longview St.
Dallas, TX 75206
Phone (972) 741-5150

---

Jason,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from National Equity Fund that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Morningstar, Colony Texas
Churchill at Champions Circle, Fort Worth Texas
Evergreen at Vista Ridge, Lewisville Texas
Evergreen at Arbor Hills, Carrollton Texas
Evergreen at Rowlett, Rowlett Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Vista Ridge

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent: Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 5, 2019

Brad Forslund  
Churchill Residential  
5605 N. McArthur Blvd, Ste 580  
Irving, TX 75038  

Re: Churchill’s 811 Eligible Properties  

Dear Mr. Forslund:  

National Equity Fund (“NEF”) serves as the Limited Partner and LIHTC investor in five LIHTC properties that are operated by Churchill Residential (“Churchill”) and are eligible for the Section 811 Project Rental Assistance Program (“811”). The five properties are as follows:

- Evergreen at Morningstar – 6245 Morning Star Dr. The Colony, TX  
- Churchill at Champions Circle – 3424 Outlet Blvd. Fort Worth, TX  
- Evergreen at Vista Ridge – 455 Highland Dr. Lewisville, TX  
- Evergreen at Arbor Hills – 2314 Parker Rd. Carrollton, TX  
- Evergreen at Rowlett – 5611 Old Rowlett Rd. Rowlett, TX  

Churchill has brought to NEF’s attention an inquiry to add 811 units to these existing properties. NEF has a responsibility to its investors to maintain the initial underwriting, operational, and risk profile of these projects contemplated at closing and thus we respectfully deny this request as it would present significant challenges for each project’s stakeholders. NEF’s denial is based on the following:

1. NEF’s LPA Requires Consent to Alter a Project’s Unit Mix/Restrictions for all 5 Churchill projects listed above – To use Evergreen at Rowlett as an example, stated in the Limited Partnership Agreement (LPA) under Section 6.2 Restrictions of GP’s Authority:

   Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

   6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan and Subordinate Cash Flow Loans);
The documents referenced above spell out the various rent set asides, tenant targeting, operating revenues and expenses, etc. associated with the property – incorporating 811 units constitutes as a change to those documents and thus legally requires NEF’s written approval.

2. Economic Risk – currently none of the Churchill properties listed above include project based vouchers; it would take significant costs to train management, compliance, and accounting personnel to accommodate 811 vouchers as Churchill manages their own properties and thus cannot leverage the knowledge of a larger, third party property management firm. These additional upfront and ongoing costs were not initially contemplated and underwritten at project closing. NEF recognizes that the 811 program provides subsidized rents that could potentially offset some or all of these costs; however, that determination would require an in-depth analysis (and potentially revised third party reports such as market study and appraisal) which would incur investor/lender costs that are in addition to the added on-going costs at the property level.

3. Operational Risk – The 5 properties above are stable, well performing communities with an active tenant base – 4 of the 5 are senior properties. These tenants are demanding, informed, and organized. It is unclear to NEF how the current tenant base will react to the potential of 811 tenants that were not contemplated when they made the decision to lease. The risk of increased tenant concerns and turnover is real even if the actual risk posed by 811 tenants is not.

To be clear, NEF does not have any issue with the 811 program and respects its purpose/mission as a worthy one. NEF plans to participate in many Texas communities going forward that include 811 units and NEF and the project’s stakeholders will have the ability to underwrite the program’s operational and economic implications at closing. However, it is extremely difficult and risky for NEF to recommend to our investors a significant change in unit restrictions, tenant targeting, economics, and operations after closing.

Please let me know if you have any questions regarding this matter.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund
#10136 Evergreen at Richardson

Not Eligible - Elderly Limited (62+) per zoning restrictions
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Richardson

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Zoning Ordinance 3781

Provide the name of the Third Party: Raymond James Tax Credit Funds, Inc.

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: Sec 2.12 & Sec 8

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 2 & 4

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
ORDINANCE NO. 3781

AN ORDINANCE OF THE CITY OF RICHARDSON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE AND ZONING MAP OF THE CITY OF RICHARDSON, AS HERETOFORE AMENDED, SO AS TO GRANT A SPECIAL PERMIT FOR A SENIOR INDEPENDENT LIVING FACILITY WITH SPECIAL CONDITIONS ON A 5.91-ACRE TRACT OF LAND ZONED PD PLANNED DEVELOPMENT FOR LR-M(2) USES, SAID TRACT BEING DESCRIBED AS PART OF LOT 1, BLOCK A, BRECKINRIDGE COMMONS ADDITION IN COLLIN COUNTY, TEXAS, AND BEING FURTHER DESCRIBED IN EXHIBIT “A”;

PROVIDING A SAVINGS CLAUSE; PROVIDING A REPEALING CLAUSE;
PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY OF FINE NOT TO EXCEED THE SUM OF TWO-THOUSAND DOLLARS ($2,000.00) FOR EACH OFFENSE; AND PROVIDING AN EFFECTIVE DATE. (ZONING FILE 10-05)

WHEREAS, the City Plan Commission of the City of Richardson and the governing body of the City of Richardson, in compliance with the laws of the State of Texas and the ordinances of the City of Richardson, have given requisite notice by publication and otherwise, and after holding due hearings and affording a full and fair hearing to all property owners generally and to all persons interested and situated in the affected area and in the vicinity thereof, the governing body, in the exercise of the legislative discretion, has concluded that the Comprehensive Zoning Ordinance and Zoning Map should be amended; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RICHARDSON, TEXAS:

SECTION 1. That the Comprehensive Zoning Ordinance and Zoning Map of the City of Richardson, Texas, duly passed by the governing body of the City of Richardson on the 5th day of June, 1956, as heretofore amended, be, and the same is hereby amended so as to grant a Special Permit for a senior independent living facility with special conditions on a 5.91-acre tract of land zoned PD Planned Development for LR-M(2) uses located at the southwest corner of Renner Road and North Star Road, and being more particularly described in Exhibit “A” attached hereto and made a part hereof for all purposes.

SECTION 2. That the Special Permit for a senior independent living facility is granted as depicted on the concept plan and elevation plan attached as Exhibits “B” and Exhibit “C”, respectively, and which is hereby approved, subject to the following special conditions:
1. The senior independent living facility shall be constructed, developed and used in substantial conformance with the attached concept plan Exhibit “B” and elevation plan Exhibit “C”.

2. The following amenities shall be provided with the development:
   a. Gated Community
   b. Internet Café
   c. Controlled Access
   d. Courtyard
   e. Available Covered Parking
   f. Fitness Center
   g. Available Garages
   h. Swimming Pool

3. A minimum 80% masonry materials as designated on Exhibit “C” shall be utilized on each exterior facade, courtyard facade, and detached garage.

4. Buildings, excluding garages and carports, shall not exceed three (3) stories or forty (40) feet in height.

5. A maximum of 170 units with a maximum F.A.R. (Floor Area Ratio) of 0.79:1 shall be allowed, excluding garages and carports.

6. A minimum 30-foot setback shall be allowed along the southern property line as depicted on Exhibit “B”.

7. A screening wall or fence shall not be required along the southern property line depicted on Exhibit “B”.

8. Parking shall be provided at a ratio of 1.3 parking spaces per dwelling unit with covered parking provided at 0.49 parking spaces per unit.

9. A living screen, consisting of evergreen shrubs planted a maximum three (3) feet on center, shall be provided along the northern property line in accordance with Exhibit “B”.

10. The minimum usable floor area per unit shall be 700 square feet.

11. The senior independent living facility shall be constructed, developed and used in substantial conformance with the attached color elevation plan Exhibit “D” and perspective rendering Exhibit “E”.

12. The property shall be deed restricted for the development and use of a senior independent living facility which provides that each unit shall be solely occupied by individuals sixty-two (62) years of age or older. Said development shall conform to Ordinance No. 3781 (Zoning File 10-05)
the provisions of the Federal Fair Housing Act of 1988, as amended. A copy of the
deed restriction for the property shall be submitted to the City Attorney for review
and approval prior to the submittal of any plat for the property, or if no plat is
required, then prior to the issuance of the first building permit for any construction or
development of the senior independent living facility, and must be filed of record
with the plat. Any termination or amendment to the deed restrictions shall require the
review of the City Attorney and the approval of the City Council of the City of
Richardson prior to recordation.

13. The Special Permit shall be limited to Churchill Residential, Inc.

SECTION 3. That the above-described tract of land shall be used only in the manner
and for the purpose provided for by the Comprehensive Zoning Ordinance of the City of
Richardson, Texas, as heretofore amended, and as amended herein.

SECTION 4. That all other provisions of the ordinances of the City of Richardson in
conflict with the provisions of this ordinance be, and the same are hereby, repealed, and all other
provisions of the ordinances of the City of Richardson not in conflict with the provisions of this
ordinance shall remain in full force and effect.

SECTION 5. That should any sentence, paragraph, subdivision, clause, phrase or
section of this Ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same
shall not affect the validity of this Ordinance as a whole, or any part or provision thereof other
than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity
of the Comprehensive Zoning Ordinance as a whole.

SECTION 6. An offense committed before the effective date of this ordinance is governed
by prior law and the provisions of the Comprehensive Zoning Ordinance, as amended, in effect
when the offense was committed and the former law is continued in effect for this purpose.

SECTION 7. That any person, firm or corporation violating any of the provisions or
terms of this Ordinance shall be subject to the same penalty as provided for in the
Comprehensive Zoning Ordinance of the City of Richardson, as heretofore amended, and upon
conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars ($2,000.00) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 8. This Ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law and charter in such case provide.

DULY PASSED by the City Council of the City of Richardson, Texas, on the 9th day of August, 2010.
WHEREAS, MORONEY RENNER 37, L.P. is the owner of all that certain lot, tract or parcel of
land situated in the G.H. Pegasus Survey, Abstract No. 700 and the M.R. Foster Survey, Abstract
332, Collin County, Texas, and being the 12.800 acre property described in deed to Moroney
Renner 37, L.P., called Tract 3 as recorded in Volume 4832 of Page 1769 of the Deed Records of
Collin County, and being more particularly described as follows:

COMMENCING at an “x” found for the Northeast corner of said 12.800 acre tract at the
intersection of the South right-of-way line of Renner Road (a 120 foot right-of-way at this point)
with the West right-of-way line of North Star Road (a 120 foot right-of-way at this point) as
granted to the City of Richardson as described in Volume 2788, Page 902 of the Deed Records of
Collin County, Texas;

THENCE South 41° 52’27” East for a distance of 23.88 feet along said West line of North Star
Road to a ½” iron rod found for corner, said point being the beginning of a curve to the right
having a central angle of 04° 56’ 42” with a radius of 2804.79 feet and a chord bearing South 39°
12’ 50” East at a distance of 273.85 feet;

THENCE in a Southeasterly direction along said curve to the right and continuing along the
West right-of-way line of said North Star Road for an arc distance of 238.13 feet to the POINT
OF BEGINNING, said point being the beginning of a curve to the right having a central angle of
05° 35’ 47” with a radius of 2804.79 feet and a chord bearing South 34° 12’ 50” at a distance of
273.85 feet;

THENCE in a Southeasterly direction along said curve to the right and continuing along the
West right-of-way line of said North Star Road for an arc distance of 273.95 feet to a
W’ iron rod for corner;

THENCE, North 58° 35’ 03” East and continuing along said West line of North Star Road (a 110
foot right-of-way at this point) for a distance of 5.00 feet to a ½” iron pin found for corner, said
point being the beginning of a curve to the right having a central angle of 02° 20’ 49” with a
radius of 2809.79 feet and a chord bearing South 30° 14’ 33” East at a distance of 115.08 feet;

THENCE in a Southeasterly direction along said curve to the right and continuing along the
West right-of-way line of North Star Road for an arc distance of 115.09 feet to a point;

THENCE South 65° 49’ 28” West and departing the West right-of-way line of North Star Road
for a distance of 327.48 feet to a point;

THENCE South 12° 39’ 46” West for a distance of 165.18 feet to a point;
EXHIBIT “A”
LEGAL DESCRIPTION
ZF 10-05

THENCE North 77° 20' 24” West and continuing along the common line of aid Lot 1 in Block 1 of Moroney West Addition and said 12.800 acre tract for a distance of 559.41 feet to a ½” iron rod found for corner;

THENCE North 34° 52' 35” West and continuing along the common line of said Lot 1 in Block 1 of Moroney West Addition and said 12.800 acre tract for a distance of 37.62 feet to a point;

THENCE North 55° 52' 01” East for a distance of 828.86 feet to the PLACE OF BEGINNING and CONTAINING 257,440 SQUARE FEET of 5.91 ACRES OF LAND, more or less.
ZONING EXHIBIT

Exhibit B - Part of Ordinance

LOT 2
5.91 ACRES

PROJECT SUMMARY:

EXISTING:

ZONING:
VUE:
RETAIL

EXISTING:
SIDE:
FURNACE:
FRONT:
SIDE:
REAR:
SIDE:

LOT AREA:
FURNACE:
FRONT:
SIDE:
REAR:
SIDE:

EXISTING:
PROJECT:

1. THIS SITE HAS NO USE IN THE FLOOR PLAN.
2. THERE ARE NO LOADING DOORS ON THIS SITE.
3. THERE ARE NO STORAGE AREAS ON THIS SITE.

LOT COVERAGE:
BUILDING HEIGHT:
FOOTPRINT:
LANDSCAPING:
BUILDING:
FAMILY HOMES:

PARKING:

100' X 100' GRID

SITE PLAN:

CONCEPTUAL

FUTURE CHILDCARE CENTER

LOT 2
5.91 ACRES

LOCATION MAP

SITE

LOCATOR MAP
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Richardson

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication requesting approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Gary,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from Raymond James that if Churchill at Golden Triangle is awarded tax credits that Evergreen at Richardson can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Plan provides further detail

Thanks

Brad

Brad Forslund
Partner
Churchill Residential, Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
January 28, 2019

Texas Department of Housing and Community Affairs
Attn: Spencer Duran, Section 811 PRAC Program Manager
221 E. 11th Street
Austin, Texas 78701

Re: Evergreen at Richardson in Richardson, Texas
Existing TDHCA Property for Section 811 Consideration

Dear Mr. Duran:

We have received notification of this existing development’s potential to be approved for placement of Section 811 PRAC Program units for the 2019 9% Competitive Housing Tax Credit Application cycle.

We understand and appreciate the importance of this program and all the efforts made by the Department to reach Texans of low to moderate incomes and to provide quality housing options for these families.

However, after careful review and consideration, we cannot approve Section 811 units being placed on this property for the 2019 cycle as outlined in the 2019 Qualified Allocation Plan. This property is not currently participating in the program and we do not approve Section 811 units to be set aside.

In December 2010, Raymond James Housing Opportunities Fund 8 entered into the Evergreen Richardson Senior Community Limited Partnership as the investor limited partner. As part of our due diligence and underwriting process, we carefully considered the construction, amenities, staffing, and operational expenses which would be required to operate the expected tenant population of Evergreen at Richardson ("development"), which are seniors age 62 and older. It was under that specific premise that the investor limited partner contributed in excess of $16 million for the construction of Evergreen at Richardson in order to receive the Low Income Housing Tax Credits associated with this development. No other unit types nor tenant population were contemplated. As such, it is uncertain if the development has adequate resources and/or staffing to properly consider adding Section 811 units to this development.

We appreciate the opportunity to provide feedback on our property and look forward to providing many more years of affordable housing in Texas. If you have any questions, please do not hesitate to contact me at (727) 567-5014 or via email at gary.k.robinson@raymondjames.com.

Sincerely,

Gary K. Robinson
Vice President – Managing Director of Acquisitions – MidSouth Region
Raymond James Tax Credit Funds, Inc.
No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
☐ No – STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
☐ No - STOP. PACKET SUBMISSION NOT NEEDED
☒ Yes – CONTINUE TO COVER PAGES

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

(ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program); AND

(iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: National Equity Fund

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.2 & 6.3

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: Pages 45, 46 & 49 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
HEBRON 2013 SENIOR COMMUNITY, L.P.
February 24, 2014

GENERAL PARTNER:  Hebron 2013 G.P., L.L.C.
                    9708 Skillman Street
                    Dallas, Texas 75243

LIMITED PARTNER:   NEF Assignment Corporation, as nominee
                    120 South Riverside Plaza
                    15th Floor
                    Chicago, Illinois  60606

SPECIAL LIMITED PARTNER: Churchill 2012 SLP, LLC
                         5605 N. MacArthur Blvd., Suite 580
                         Irving, Texas 75038
TABLE OF CONTENTS

ARTICLE 1: DEFINITIONS ................................................................................................. 1

ARTICLE 2: ORGANIZATION ......................................................................................... 19
  Section 2.1 Continuation of Partnership ................................................................. 19
  Section 2.2 Character and Purpose of Business ................................................... 19
  Section 2.3 Name of Partnership ....................................................................... 19
  Section 2.4 Principal Place of Business ............................................................... 19
  Section 2.5 Principal Office ................................................................................. 19
  Section 2.6 Agent for Service of Process ............................................................ 19
  Section 2.7 Name and Address of General Partner ............................................. 19
  Section 2.8 Name and Address of Limited Partner and Special Limited  
    Partner ........................................................................................................ 19
  Section 2.9 Governmental Filings ....................................................................... 20
  Section 2.10 Term of Partnership ...................................................................... 20
  Section 2.11 Compliance with Laws ................................................................ 20
  Section 2.12 Statutory Record Keeping .............................................................. 20
  Section 2.13 Related Party Debt ................................................................ .. 21
  Section 2.14 Non-Confidential Tax Shelter ....................................................... 21
  Section 2.15 Definitions .................................................................................. 21

ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS .......................... 22
  Section 3.1 General Partner's Capital Contributions ............................................ 22
  Section 3.2 Limited Partner's Capital Contributions ............................................ 22
  Section 3.3 Additional Provisions Concerning Capital Contributions ............... 30
  Section 3.4 Interest on Capital Contributions .................................................... 30
  Section 3.5 Withdrawal and Return of Capital Contributions ............................ 30
  Section 3.6 Capital Accounts ........................................................................... 30
  Section 3.7 Partnership Loans ........................................................................... 31
  Section 3.8 Additional Capital Contributions .................................................... 31
  Section 3.9 Limited Partner's Withdrawal Option ............................................. 32

ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS .................. 33
  Section 4.1 Profit and Loss Allocations ............................................................... 33
  Section 4.2 Special Allocations ....................................................................... 33
  Section 4.3 Timing of Allocations ................................................................ 37
  Section 4.4 Other Allocation Rules ................................................................ 37
  Section 4.5 Tax Effect of Allocations ................................................................ 38

ARTICLE 5: DISTRIBUTIONS ......................................................................................... 39
  Section 5.1 Distribution of Cash Flow ................................................................. 39
  Section 5.2 Net Cash from Sales and Refinancings ........................................... 40
  Section 5.3 Timing of Distributions ................................................................ 41
  Section 5.4 Treatment of Distributions ............................................................. 41
  Section 5.5 Failure to Make Tax Elections ........................................................ 41
# TABLE OF CONTENTS

(continued)

<table>
<thead>
<tr>
<th>ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 6.1 Management of Partnership</td>
<td>42</td>
</tr>
<tr>
<td>Section 6.2 Restrictions on General Partner’s Authority</td>
<td>42</td>
</tr>
<tr>
<td>Section 6.3 Representations, Warranties and Covenants of</td>
<td>46</td>
</tr>
<tr>
<td>the General Partner and the Special Limited Partner</td>
<td></td>
</tr>
<tr>
<td>Section 6.4 Specific Obligations of General Partner</td>
<td>58</td>
</tr>
<tr>
<td>Section 6.5 Fees for Services Rendered</td>
<td>71</td>
</tr>
<tr>
<td>Section 6.6 Outside Ventures of Partners</td>
<td>73</td>
</tr>
<tr>
<td>Section 6.7 Dealing With Affiliates</td>
<td>73</td>
</tr>
<tr>
<td>Section 6.8 Indemnification of Partnership and Limited</td>
<td>73</td>
</tr>
<tr>
<td>Partner</td>
<td></td>
</tr>
<tr>
<td>Section 6.9 Credit Adjusters</td>
<td>75</td>
</tr>
<tr>
<td>Section 6.10 Publicity and Promotional Events</td>
<td>80</td>
</tr>
<tr>
<td>Section 6.11 Co-General Partners</td>
<td>81</td>
</tr>
<tr>
<td>Section 6.12 Representation of General Partner, Special</td>
<td>81</td>
</tr>
<tr>
<td>Limited Partner</td>
<td></td>
</tr>
</tbody>
</table>

| ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER   | 82   |
| Section 7.1 Limitation of Liability                       | 82   |
| Section 7.2 No Participation in Management                | 82   |

| ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS                  | 83   |
| Section 8.1 Books of Account                              | 83   |
| Section 8.2 Management Reports                            | 83   |
| Section 8.3 General Disclosure                            | 85   |
| Section 8.4 Tax Information                               | 86   |
| Section 8.5 Review of Compliance                          | 88   |
| Section 8.6 Failure to Provide Information                | 89   |

| ARTICLE 9: TRANSFER OF LIMITED PARTNER’S PARTNERSHIP      | 90   |
| INTERESTS                                                |      |
| Section 9.1 Voluntary Transfers                           | 90   |
| Section 9.2 General Partner’s Consent to Substitution as  | 90   |
| a Limited Partner                                        |      |
| Section 9.3 Involuntary Transfers                         | 91   |
| Section 9.4 Distributions and Allocations with Respect to  | 91   |
| Transferred Partnership Interests                         |      |
| Section 9.5 Disposition of Project                        | 91   |
| Section 9.6 Right to Purchase Limited Partner’s Interest  | 92   |
| or the Project                                            |      |
| Section 9.7 Warehouse Lender                              | 93   |
| Section 9.8 Voluntary Withdrawal                          | 94   |
| Section 9.9 Put Right                                     | 94   |

| ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP     | 96   |
| INTERESTS                                                |      |
| Section 10.1 Voluntary Transfers                          | 96   |
TABLE OF CONTENTS

(continued)

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.2</td>
<td>96</td>
</tr>
<tr>
<td>Involuntary Transfers</td>
<td></td>
</tr>
<tr>
<td>10.3</td>
<td>97</td>
</tr>
<tr>
<td>Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests</td>
<td></td>
</tr>
<tr>
<td>10.4</td>
<td>97</td>
</tr>
<tr>
<td>Distributions and Allocations with Respect to Transferred Partnership Interests</td>
<td></td>
</tr>
<tr>
<td>10.5</td>
<td>97</td>
</tr>
<tr>
<td>Voluntary Withdrawal</td>
<td></td>
</tr>
<tr>
<td>10.6</td>
<td>97</td>
</tr>
<tr>
<td>Removal of General Partner and/or Special Limited Partner</td>
<td></td>
</tr>
<tr>
<td>10.7</td>
<td>101</td>
</tr>
<tr>
<td>Nominee’s Enforcement Powers</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION</td>
<td>102</td>
</tr>
<tr>
<td>11.1</td>
<td>102</td>
</tr>
<tr>
<td>Dissolution</td>
<td></td>
</tr>
<tr>
<td>11.2</td>
<td>102</td>
</tr>
<tr>
<td>Winding Up and Termination</td>
<td></td>
</tr>
<tr>
<td>11.3</td>
<td>103</td>
</tr>
<tr>
<td>Compliance with Liquidation Requirements of Regulations</td>
<td></td>
</tr>
<tr>
<td>11.4</td>
<td>104</td>
</tr>
<tr>
<td>Rights and Obligations of Limited Partner Upon Dissolution</td>
<td></td>
</tr>
<tr>
<td>11.5</td>
<td>104</td>
</tr>
<tr>
<td>Waiver of Partition</td>
<td></td>
</tr>
<tr>
<td>11.6</td>
<td>104</td>
</tr>
<tr>
<td>Final Accounting</td>
<td></td>
</tr>
<tr>
<td>ARTICLE 12: MISCELLANEOUS</td>
<td>105</td>
</tr>
<tr>
<td>12.1</td>
<td>105</td>
</tr>
<tr>
<td>Notices and Addresses</td>
<td></td>
</tr>
<tr>
<td>12.2</td>
<td>105</td>
</tr>
<tr>
<td>Pronouns and Plurals</td>
<td></td>
</tr>
<tr>
<td>12.3</td>
<td>105</td>
</tr>
<tr>
<td>Counterparts</td>
<td></td>
</tr>
<tr>
<td>12.4</td>
<td>105</td>
</tr>
<tr>
<td>Applicable Law</td>
<td></td>
</tr>
<tr>
<td>12.5</td>
<td>105</td>
</tr>
<tr>
<td>Successors</td>
<td></td>
</tr>
<tr>
<td>12.6</td>
<td>105</td>
</tr>
<tr>
<td>Severability</td>
<td></td>
</tr>
<tr>
<td>12.7</td>
<td>105</td>
</tr>
<tr>
<td>Exhibits</td>
<td></td>
</tr>
<tr>
<td>12.8</td>
<td>105</td>
</tr>
<tr>
<td>Limitation of Benefits</td>
<td></td>
</tr>
<tr>
<td>12.9</td>
<td>106</td>
</tr>
<tr>
<td>Entire Agreement</td>
<td></td>
</tr>
<tr>
<td>12.10</td>
<td>106</td>
</tr>
<tr>
<td>Broker’s Commission and Indemnity</td>
<td></td>
</tr>
<tr>
<td>12.11</td>
<td>106</td>
</tr>
<tr>
<td>Amendment of Partnership Agreement</td>
<td></td>
</tr>
<tr>
<td>12.12</td>
<td>106</td>
</tr>
<tr>
<td>Power of Attorney</td>
<td></td>
</tr>
<tr>
<td>12.13</td>
<td>107</td>
</tr>
<tr>
<td>More Than One Limited Partner</td>
<td></td>
</tr>
<tr>
<td>12.14</td>
<td>107</td>
</tr>
<tr>
<td>Third Party Beneficiary</td>
<td></td>
</tr>
<tr>
<td>Appendix I - Projections</td>
<td></td>
</tr>
<tr>
<td>Exhibit A - Purchase Option and Right of First Refusal</td>
<td></td>
</tr>
</tbody>
</table>
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

HEBRON 2013 SENIOR COMMUNITY, L.P.

a Texas limited partnership

February 24, 2014

This Amended and Restated Limited Partnership Agreement (this "Partnership Agreement") of Hebron 2013 Senior Community, L.P., a Texas limited partnership (the "Partnership"), dated and effective as of the date first set forth above, is entered into by and between Hebron 2013 G.P., L.L.C., a Texas limited liability company (the "General Partner"), Churchill 2012 SLP, LLC, a Texas limited liability company (the "Special Limited Partner") and NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation (the "Limited Partner"). Bradley E. Forslund, an individual, joins in this Partnership Agreement to evidence his withdrawal as Initial Limited Partner.

RECITALS

In this Partnership Agreement, terms in initial capital letters that are not defined elsewhere shall have the meanings given to them in Article 1.

The Partnership was formed as a limited partnership under the Act pursuant to the Certificate of Formation and the Initial Agreement. The purposes of this Partnership Agreement are to (i) provide for the organization and continuation of the Partnership, (ii) provide for the admission of NEF Assignment Corporation, as nominee, as the Limited Partner, (iii) provide for the withdrawal of the Initial Limited Partner as a partner, and (iv) set forth more fully the rights, obligations, and duties of the Partners (as hereinafter defined).

Accordingly, it is agreed that the Initial Agreement is hereby amended and restated in its entirety by this Partnership Agreement.

ARTICLE 1: DEFINITIONS

The capitalized words and phrases used in this Partnership Agreement shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such words and phrases):

"10% Test" means the determination, made in accordance with Section 42(h)(1)(E) of the Code, that the Partnership's basis in the Project is greater than ten percent (10%) of the Partnership's reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Partnership receives an allocation of Tax Credits for the Project by the State Housing Finance Agency.
“Accountant” means Novogradac & Company LLP or such certified public accountant as is selected by the General Partner with the prior written approval of the Limited Partner or identified by the Limited Partner pursuant to Section 8.6.3 herein.

“Accountant’s Carryover Certification” means the certification by the Accountant indicating that that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

“Accountant’s Section 168(h) Certification” means that certain Accountant’s Certificate Regarding 168(h)(6) Election and Election to be Taxed as a Corporation provided by the Accountant to the Limited Partner as one of the Project Closing Checklist items.

“Act” means the Texas Revised Business Organizations Code, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Actual Tax Credits” means the Tax Credits which the Partnership allocates to the Limited Partner (as determined by the Accountant) with respect to any taxable year.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under any provision of this Partnership Agreement or is otherwise treated as being obligated to restore under Treasury Regulations Section 1.704-2(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (b) the debit to such Capital Account of the amounts described in Treasury Regulations Section 1.704-1(b)(2)(i)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” means, (a) with respect to any Person (or as to every Partner if no Person is specifically named), (i) such Person or any member of his Immediate Family; (ii) the legal representative, successor, or assign of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii), and (iii); and (v) any Person directly or indirectly controlling (10% or more), or under direct or indirect common control with, any Person referred to in any of the preceding clauses; and (b) with respect to the Limited Partner, any limited liability company or limited partnership in which the managing member or general partner, as applicable, is NEF or an Affiliate of NEF.

“Applicable Federal Rate” means the “applicable federal rate” as defined in Code Section 1274(d).

“Applicable Percentage” means the applicable percentage for the Project determined in accordance with Section 42(b)(1) of the Code.

“Architect” means Galier Tolson French Design LLC.
“Architect Agreement” means that certain agreement, dated October 31, 2013, by and between the Partnership and the Architect in connection with the design of the Project.

“Asset Management Fee” means an annual fee in the initial amount of $8,500, to be increased annually by three percent (3%).

“Asset Manager” means NEF Community Investments, Inc., an Illinois not-for-profit corporation, or any replacement or substitute entity selected by the Limited Partner in its sole and absolute discretion and identified in writing to the General Partner.

“Assignee” means a Person to whom all or any part of a Limited Partner’s Partnership Interest has been transferred in a manner permitted under or contemplated by this Partnership Agreement, but who has not been admitted to the Partnership as a Substituted Limited Partner with respect to the transferred Partnership Interest.

“Building” means each building in the Project that is assigned a separate building identification number (BIN) in the documents evidencing the allocation of Tax Credits for the Project.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner pursuant to Section 3.6.

“Capital Contribution” means, with respect to any Partner, the total amount of cash or any cash equivalents contributed and/or agreed to be contributed to the Partnership, including all adjustments thereto, as provided in this Partnership Agreement. Except for obligations incurred in connection with Section 6.4.6(i)-(iii), and any loans made in accordance with Section 3.7 hereof, any additional advances actually made by the General Partner shall be treated as a Capital Contribution of such General Partner for purposes of this Partnership Agreement. Any reference in this Partnership Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Partnership Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant this Partnership Agreement.

“Carryover Allocation Agreement” means the agreement evidencing the allocation of Tax Credits for the Project by the State Housing Finance Agency as a result of the Partnership’s satisfaction of the 10% Test.

“Carryover Allocation Documents” means the Carryover Allocation Agreement, the Accountant’s Carryover Certification, and the invoices and other backup documentation relied upon by the Accountant in issuing the Accountant’s Carryover Certification as discussed in the Carryover Allocation Documents Memorandum.

“Carryover Allocation Documents Memorandum” means the memorandum provided as a Project Closing Checklist item by the Limited Partner to the General Partner and the Accountant that discusses the Carryover Allocation Documents to be provided by the Accountant in satisfaction of one of the conditions related to the Second Installment.
“Cash Flow” means, with respect to any Fiscal Year of the Partnership, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) Required Debt Service Payments; (b) all cash expenditures incurred incident to the operation of the Partnership’s business other than (i) Required Debt Service Payments, (ii) Cash Flow Debt Service Payments, and (iii) those that are funded out of the Lease-Up Reserve Account or any other reserve account that is set up for the Project; (c) any capital expenditures in excess of funds withdrawn from the Replacement Reserve for such purpose or paid from equity or development financing proceeds; (d) a Property Management Agent Fee; (e) all required deposits to the Replacement Reserve, including any arrearages, that must be funded; and (f) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Partners shall from time to time agree to establish.

“Cash Flow Debt Service Payments” means all principal, interest and other charges and fees that are principal and interest payments which are payable in connection with the Construction Loan and, or, any Permitted Loan, and the payment or amount of which are contingent on available net operating receipts of the Partnership, including, but not limited to, payment with respect to (i) loans payable solely from Cash Flow, (ii) loans to the Partnership from the General Partner (including loans made pursuant to Section 3.7 or Sections 6.4.6(i), 6.4.6(ii), or 6.4.6(iii) hereof), and (iii) loans to the Partnership from the Limited Partner.

“Certificate of Formation” means the Partnership’s certificate of formation prepared in accordance with the Act, dated September 10, 2013 and filed with the Filing Office on September 10, 2013.


“Change in Law” means a change, occurring after the date of this Partnership Agreement, in the Code or the regulations promulgated thereunder, that in the opinion of competent tax counsel approved by the Partners, prevents the Limited Partner from receiving any or all of the Projected Tax Credits.

“Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Compliance Period” means, with respect to any Building in the Project Property, the fifteen (15) taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in Section 42(i)(1) of the Code.

“Construction Completion” means the date upon which the Partnership has completed the construction of the Project substantially in accordance with the Project Documents and the Loan Documents, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Partnership Property has been completed substantially in accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis; provided, however, that the Partnership has delivered sufficient funds or cash equivalents in escrow, or has
retained sufficient funds pursuant to the Construction Contract, to provide for the completion of such punch list items) and (b) a certificate of occupancy for all Residential Units.

“Construction Completion Date” means the date on which Construction Completion is achieved, which in any event shall not exceed the end of the second year after the year in which the Project receives an allocation of Tax Credits or, if earlier, the date required by any Lender or State Agency.

“Construction Contract” means that certain agreement, dated February 24, 2014, by and between the Partnership and the Contractor in connection with the construction and/or rehabilitation of the Project.

“Construction Lender” means Bank of America, N.A., or another lender reasonably acceptable to the Limited Partner.

“Construction Loan” means that certain loan to the Partnership from the Construction Lender in the original principal amount not to exceed Twelve Million Seven Hundred Fifty Thousand and No/100 Dollars ($12,750,000.00), which loan is evidenced by the Construction Loan Documents.

“Construction Loan Documents” means any and all of the documents evidencing, securing, or related to the Construction Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

“Contractor” means LifeNet Community Behavioral Healthcare.

“Cost Certification” means the following documents which must be delivered to the Limited Partner after Placement in Service of the Project (a) a letter from the Accountants in the form satisfactory to the State Housing Finance Agency and the Limited Partner certifying, among other things, that they have examined the books and records and will sign a tax return including the Project costs specified in the letter in Tax Credit basis, and (b) a certification by the General Partner that the Accountants’ letter accurately reflects actual Project costs.

“Credit Period” means, with respect to any Building in the Project the period of one hundred and twenty (120) taxable months beginning with (a) the first full taxable month after the month in which the Building is placed in service or (b) at the election of the taxpayer, the first month of the succeeding taxable year, but only if the Building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects pursuant to Code Section 42.

“Credit Reduction Payment” shall have the meaning attributed thereto in Section 6.9 of this Partnership Agreement.

“Credit Shortfall” shall have the meaning attributed thereto in Section 6.9.3 of this Partnership Agreement.

“Debt Service Coverage Ratio” shall be defined as the Gross Cash Receipts for a specified period reduced by the sum of the following: (a) all cash expenditures incurred incident
to the operation of the Partnership's business during such period (including, without limitation, operating expenses and capital expenditures not paid from any reserves, equity, or development financing proceeds) plus (b) the amount of cash that is necessary to fund the Replacement Reserve pursuant to Section 6.4.7, divided by all required principal and interest payments (excluding those payments that are payable solely out of Cash Flow such as payments on loans to the Partnership from the General Partner) including payments with respect to the Construction Loan, Permanent Loan, and/or other loans to the Partnership for such period. The Operational Costs of the Partnership shall be used to calculate Debt Service Coverage Ratio only for purposes of defining the Right-Sized Permanent Loan Amount and Stabilized Occupancy.

"Deferred Development Fee" means the Development Fees, including any interest imposed pursuant to Section 3.2.6(ii) herein, that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Limited Partner or the Project financing. The amount of the Deferred Development Fee shall include any accrued interest calculated in accordance with Section 3.2.7(iii).

"Developer" means Churchill Senior Communities, L.P., a Texas limited partnership and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.

"Development Agreement" means the Development Agreement entered into or to be entered into by the Partnership and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

"Development Fee" and "Developer Fee" mean the fee in the amount of One Million Nine Hundred Thirty-Seven Thousand Seven Hundred One and No/100 Dollars ($1,937,701.00) described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

"Disposition Fee" means the fee described in Section 6.5.3.

"Eligible Basis" means, generally, the adjusted basis of a Building for depreciation purposes determined as of the close of the first taxable year of the Credit Period, subject to certain exclusions as set forth in the Code.

"Environmental Certification" means delivery to the Limited Partner, upon completion of rehabilitation or construction, of a certification by the General Partner that the Project has been completed in accordance with the recommendations contained in the environmental report(s) for the Project.

“Extended Use Agreement” means the extended low-income housing commitment entered into between the Partnership and the State Housing Finance Agency pursuant to Section 42(h)(6) of the Code.

“Fifth Installment” has the meaning set forth in Section 3.2.6 of this Partnership Agreement.

“Filing Office” means the Secretary of State of the Project State.

“First Installment” has the meaning set forth in Section 3.2.1(i) of this Partnership Agreement.

“First Year Tenant Files” means such information or documents that evidence the tenant’s qualification to occupy the Tax Credit Unit, including, but not limited to, tenant applications, executed tenant lease agreements, tenant income and asset certifications and verifications, student status verification, and rent rolls obtained by the Property Management Agent with respect to those tenants who occupy the Tax Credit Units during the period beginning with the date that the Project achieves Placement in Service and ending with the date that the Project achieves Qualified Occupancy.

“Fiscal Year” means the calendar year unless otherwise specified in writing by the Limited Partner.

“Foreign Drywall” means drywall, plasterboard, gypsum board or sheetrock manufactured in or imported from China.

“Form 8609” means the IRS Form 8609 (Low-Income Housing Tax Credit Allocation Certification) issued by the State Agency for each residential Building in the Project which finally allocates Tax Credits to such residential Building as evidenced by the execution of Part II of the form by the State Housing Finance Agency.

“Fourth Installment” has the meaning set forth in Section 3.2.4 of this Partnership Agreement.

“GAAP” means generally accepted accounting principles established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants in effect in the United States, as amended from time to time.

“General Partner” means Hebron 2013 G.P., L.L.C., which is wholly owned by LifeNet Community Behavioral Healthcare, or any other Person who becomes a successor general partner pursuant to Section 10.1, Section 10.2 or Section 10.3. If there is more than one General Partner, they are referred to herein singularly and collectively as the General Partner, as the context may require or suggest.

“Grantee” means LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.
“Gross Cash Receipts” means all cash received from the operations of the Partnership, including all government subsidies due and payable at such time but not yet received by the Partnership and including security deposits properly released in accordance with resident lease agreements and the proceeds of rental interruption insurance, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds other than rental interruption insurance, condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.

“Guarantor” means Churchill Senior Communities, L.P.

“Guaranty Agreement” means the Guaranty Agreement between the Partnership and the Guarantor(s) dated as of the date hereof whereby the Guarantor guarantees the obligations of the General Partner under the Partnership Agreement including, but not limited to the General Partner’s guaranty obligations under Section 6.4.6 and the General Partner’s Credit Reduction Payment obligations under Section 6.9.

“Hazardous Substance” means any substance defined in any Environmental Law as a hazardous substance, including, but not limited to, any hazardous material, hazardous waste, toxic substance or toxic waste lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, petroleum, benzene, toluene, ethylbenzene or xylene (BTEX), methyl tertiary butyl ether (MTBE) underground storage tanks, polychlorinated biphenyls (PCBs), radon, or any other pollutant that may have a material adverse effect on the Project.

“HOME” means the HOME Investment Partnership Act authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. 12701, et seq.

“HUD” means the United States Department of Housing and Urban Development.

“Immediate Family” means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law and sisters-in-law, each whether by birth, marriage or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

“Incentive Partnership Management Fee” means the portion of Cash Flow that is paid to the General Partner and the Special Limited Partner pursuant to Section 5.1.1 as an additional fee for managing the affairs of the Partnership.

“Initial Agreement” means the Partnership’s original limited partnership agreement entered into as of September 10, 2013, by and among the General Partner, the Special Limited Partner and the Initial Limited Partner.

“Initial Limited Partner” means Bradley E. Forslund, an individual.

“Involuntary Event” means, with respect to any Partner any one of the following events: (a) the making of an assignment for the benefit of creditors by the Partner; (b) the filing of a voluntary petition in bankruptcy by the Partner; (c) the adjudication of the Partner as a bankrupt or insolvent; (d) the filing of a petition or answer by the Partner seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief
under any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner’s properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

“Involuntary Transfer” means any transfer of any Partner’s Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.

“IRS” means the Internal Revenue Service.

“Lease-up Reserve” means Five Hundred Seventy-Seven Thousand Two Hundred Ninety-Seven and No/100 Dollars ($577,297.00) deposited in the Lease-Up Reserve Account pursuant to Section 6.4.7(i).

“Lease-up Reserve Account” means a segregated Partnership bank account established to hold the Lease-up Reserve, as described in Section 6.4.7(i).

“Lender” or “Lenders” means the Construction Lender, the Permanent Lender, and/or the Subordinate Lenders, as the context requires.

“Limited Partner” means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, or any Person who becomes a Substituted Limited Partner pursuant to Section 9.1, Section 9.2, Section 9.3 or Section 9.6. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

“Liquidation Manager” means any Person selected by the Limited Partner.

“Loan Documents” means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

“Market Rate Units” means Project units that are not subject to the Tax Credit income limitations under Section 42 of the Code.


“Net Cash from Sales and Refinancings” means, with respect to any Fiscal Year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use of any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner’s properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

“Involuntary Transfer” means any transfer of any Partner’s Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.

“IRS” means the Internal Revenue Service.

“Lease-up Reserve” means Five Hundred Seventy-Seven Thousand Two Hundred Ninety-Seven and No/100 Dollars ($577,297.00) deposited in the Lease-Up Reserve Account pursuant to Section 6.4.7(i).

“Lease-up Reserve Account” means a segregated Partnership bank account established to hold the Lease-up Reserve, as described in Section 6.4.7(i).

“Lender” or “Lenders” means the Construction Lender, the Permanent Lender, and/or the Subordinate Lenders, as the context requires.

“Limited Partner” means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, or any Person who becomes a Substituted Limited Partner pursuant to Section 9.1, Section 9.2, Section 9.3 or Section 9.6. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

“Liquidation Manager” means any Person selected by the Limited Partner.

“Loan Documents” means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

“Market Rate Units” means Project units that are not subject to the Tax Credit income limitations under Section 42 of the Code.


“Net Cash from Sales and Refinancings” means, with respect to any Fiscal Year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use
for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with the sale or other disposition of Project Property.

“Non-Deferred Developer Fee Equity” has the meaning set forth in Section 3.2.

“Nonrecourse Deduction” has the meaning set forth in Section 1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for any fiscal Year of the Partnership equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during that Fiscal Year reduced (but not below zero) by the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined in accordance with Section 1.704-2(c) of the Regulations.

“Nonrecourse Liability” has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

“Operating Deficit” means the amount by which the collected revenues of the Partnership from rental payments made by tenants of the Project (including governmental subsidies received during such period) and all other revenues of the Partnership (including the proceeds of rental interruption insurance, but excluding Capital Contributions, proceeds of any loans to the Partnership, investment earnings on funds on deposit in the reserve fund for replacements and other such reserve or escrow funds or accounts, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) for a particular period of time is exceeded by the sum of all of the operating expenses, including all required debt service, operating and maintenance expenses, taxes, assessments, required deposits into the reserve fund for replacements and other reserve or escrow accounts, a ratably portion of the annual amount of seasonal and/or periodic expenses (including, but not limited to, utilities, maintenance expenses and real estate taxes, which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation), any fees to lenders and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures that become due and payable (excluding payments for construction of the Project, debt service payments payable solely out of Cash Flow, deposits to the reserves payable solely out of Cash Flow, and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner to the Partnership pursuant to this Agreement and other financing sources) during the same period of time. In computing the Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital improvements (excluding payments for construction of the Project) during the period described above shall also be taken into account, unless such amounts are funded from Project reserves. Operating Deficits shall be measured on a monthly basis and funded as necessary during the Operating Deficit Guaranty Period.

“Operating Deficit Guaranty Amount” means Four Hundred Seventy-Seven Thousand Seven Hundred Seventy and No/100 Dollars ($477,770.00).

“Operating Deficit Guaranty Period” means the period beginning with the date on which the Project achieves Stabilized Occupancy and ending on the date on which the Partnership has
achieved a Debt Service Coverage Ratio of 1.15 or better, measured on an annualized basis, for a period of two consecutive years commencing on or after the third anniversary of achievement of Stabilized Occupancy; provided, however, that if the Operating Reserve is not funded on the last day of such period in an amount greater than or equal to the Operating Reserve Target Amount, then the Operating Deficit Guaranty Period shall be extended until such time as the Operating Reserve Account is funded in an amount that is greater than or equal to the Operating Reserve Target Amount. Any amount funded by the General Partner into the Operating Reserve pursuant to the Permanent Loan Conversion Guaranty under Section 6.4.6(iii) will not be included in determining whether the Operating Reserve Target Amount has been funded as required by the preceding sentence.

"Operating Reserve" means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in Section 6.4.7(ii).

"Operating Reserve Account" means a segregated Partnership bank account established by the General Partner to hold the Operating Reserve, as described in Section 6.4.7(ii).

"Operating Reserve Target Amount" means Four Hundred Seventy-Seven Thousand Seven Hundred Seventy and No/100 Dollars ($477,770.00) and maintained as described in Section 6.4.7(ii).

"Operational Costs of the Partnership" means all operating costs of the Project, including without limitation, administrative expenses of the Partnership, maintenance costs, insurance, utilities, Property Management Agent fee, taxes, assessments, and replacement reserve deposits, and a ratable portion of the annual amount (as reasonably estimated by the Asset Manager) of seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes, if applicable) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operations, but excluding the Deferred Development Fee, the Incentive Partnership Management Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow. The operating costs of the Project identified by the General Partner shall be evidenced by a certification of the General Partner confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Partnership on the date of such certification. The Operational Costs of the Partnership for any period shall be the greater of (a) the Project’s actual operating costs for such period, as calculated in accordance with the first sentence of this paragraph, or (b) the anticipated operational costs of the Project for such period determined on an accrual basis in accordance with the operating expenses of the Project for the applicable period shown in the Projections.

"Owner’s Date Down Title Insurance Coverage" means the owner’s title insurance coverage issued after Construction Completion that has been updated to provide additional insurance coverage through a post-Completion Construction date approved by the Limited Partner, which shall be in the form of a newly issued Owner’s Title Insurance Policy or an endorsement to the Owner’s Title Insurance Policy.

"Owner’s Title Insurance Policy" means the fully executed, TLTA Owner’s Policy of Title Insurance in final form (which includes the customary “jacket” of preprinted terms and
conditions), dated on or about the date hereof, which shall be consistent with the "marked-up" commitment or proforma approved by the Limited Partner on or prior to the date hereof.

“Owner’s Title Report” means a report issued by the same title company that issued the Owner’s Title Insurance Policy that sets forth, among other things, the ownership of the Project Property, any liens of record, and any encumbrances affecting the Project Property as of a specified date after Construction Completion approved by the Limited Partner.

“Partner” or “Partners” mean the General Partner, Special Limited Partner and Limited Partner, either individually or collectively.

“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with 1.704-2(i) of the Regulations.

“Partner Nonrecourse Debt” has the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

“Partner Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Fiscal Year equals the net increase during that Fiscal Year in Partner Nonrecourse Debt reduced (but not below zero) by the proceeds of the Partner Nonrecourse Debt distributed during that Fiscal Year to the Partner bearing the economic risk of loss for the Partner Nonrecourse Debt that are both attributable to the Partner Nonrecourse Debt and allocable to an increase in Partner Minimum Gain, as determined in accordance with Section 1.704-2(i)(2) of the Regulations.

“Partnership” means Hebron 2013 Senior Community, L.P.

“Partnership Agreement” means this Amended and Restated Limited Partnership Agreement of the Partnership, as amended from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder” refer to this Partnership Agreement as a whole, unless the context otherwise requires.

“Partnership Interest” means, as to any Partner, such Partner’s right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership under this Partnership Agreement and the Act.

“Partnership Minimum Gain” has the meaning set forth in Section 1.704-2(d) of the Regulations.

“Partnership Property” means all real and personal property acquired by the Partnership and any improvements thereto, and shall include both tangible and intangible property.

“Permanent Credit Reduction” has the meaning set forth in Section 6.9.1 hereto.
"Permanent Credit Reduction Adjustment" has the meaning set forth in Section 6.9 hereof.

"Permanent Lender" means CommunityBank of Texas, N.A., or another lender reasonably acceptable to the Limited Partner.

"Permanent Loan" means that certain mortgage loan from the Permanent Lender to the Partnership in the original principal amount not to exceed Three Million Three Hundred Fifty Thousand and No/100 Dollars ($3,350,000.00), which loan is evidenced by the Permanent Loan Documents.

"Permanent Loan Conversion Guaranty" has that meaning set forth in Section 6.4.6(iii).

"Permanent Loan Documents" means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

"Permitted Loan" means, collectively, (a) the Permanent Loan; (b) the Subordinate Loan; and (c) loans to the Partnership from the General Partner and/or the Limited Partner in accordance with this Partnership Agreement.

"Person" means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Placement in Service" means occurrence of all of the following: (a) substantial completion of rehabilitation or construction, (b) issuance of certificate(s) of occupancy for all Residential Units in the Project (it being agreed that temporary certificates of occupancy shall be acceptable if (i) such certificates permit occupancy of all of the Residential Units and any community building that is a part of the Project, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the Residential Units and/or any community building on a full paying basis, (iii) the conditions set forth for obtaining permanent certificates of occupancy for all Residential Units and any community building are readily achievable as determined by the Limited Partner in its reasonable discretion, and (iv) the Partnership has made adequate provision, to the reasonable satisfaction of the Limited Partner, for the payment and completion of any work that remains to be performed), and (c) placement in service as defined by federal tax law for qualified basis and Tax Credits.

"Plans and Specifications" mean the plans and specifications attached and made a part of the Construction Contract, as supplemented by any change orders approved by the Limited Partner in accordance herewith.

"Post-Closing Document Delivery Agreement" means that certain agreement by and between the General Partner, the Special Limited Partner and the Limited Partner, dated as of the date hereof, with respect to certain ancillary documents that are required to be delivered by the General Partner to the Limited Partner within a short period of time after closing.
“Prime Rate” means the interest rate announced from time to time by the Warehouse Lender, or its successor, or, if there is no Warehouse Lender, by JPMorgan Chase Bank, Chicago, Illinois, as its prime lending rate, expressed as a percent per annum. The “Prime Rate” shall be determined on a daily basis.

“Profits” and “Losses” mean, for each Fiscal Year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, except as provided for in Section 4.2.13, determined in accordance with Section 703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either Section 705(a)(2)(B) of the Code or the Regulations promulgated under Section 704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership Property is revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership Property shall be taken into account as gain or loss from the disposition of such Partnership Property for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership Property which has been revalued pursuant to Section 1.704-1(b)(2)(iv)(f) of the Regulations and with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted value of such Partnership Property, notwithstanding that the adjusted tax basis of such Partnership Property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership Property which has been revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Section 4.2.1 and Sections 4.2.4 through 4.2.15 shall not be taken into account in computing Profits or Losses.

“Project Closing Checklist” means the Limited Partner’s most recent checklist of items that must be submitted to the Limited Partner and approved by the Limited Partner before it will enter the Partnership.

“Project Documents” means any or all of the agreements or contracts related to the construction of the Project, including Plans and Specifications, Loan Documents, Construction Contract, Architect Agreement, management agreement, fee agreements, and any other document or instrument executed in connection with the development and operation of the Project.

“Project Equity” has the meaning set forth in Section 3.2.

“Project Property” or “Project” means the affordable housing rental project to be known as Evergreen at Arbor Hills, which project will be located at 2314 Parker Road in Carrollton, Texas and will be comprised of four (4) Building(s) and a clubhouse containing one hundred and thirty-six (136) Residential Units, administration offices, community rooms, central laundry facilities, surface parking, covered parking, a playground, and all furnishings, equipment and personal property used in connection with the operation thereof. It is expected that one-hundred thirty six (136) Residential Units will be rented to low- and very low-income households, and zero (0) Residential Units will be a Market Rate Unit.
“Project State” means Texas.

“Projected First Tax Credit Year” means 2015.

“Projected Second Tax Credit Year” means 2016.

“Projected Stabilized Occupancy Date” means August 1, 2016.

“Projected Tax Credits” means the product of (i) 99.99%, multiplied by (ii) the Tax Credits expected to be allocable to the Project. The Tax Credits expected to be allocable to the Project during each year of the Credit Period for purposes of making the calculation set forth in the preceding sentence are $522,059 for the year 2015, $1,426,471 for the year 2016, $1,500,000 for each year of 2017 through 2024, and $977,941 for the year 2025, $73,529 for the year 2026, as shown in the Projections attached hereto.

“Projections” means the projections attached hereto as Appendix I, as they may be amended pursuant to this Partnership Agreement.

“Property Management Agent” or “Management Agent” means initially Churchill Senior Communities Management, LLC, or such other Property Management Agent as is selected by the General Partner from time to time or identified by the Limited Partner pursuant to Section 6.4.9 with the prior written consent of the Asset Manager.

“Property Management Agent Fee” means a fee of up to 5% of the gross collected rents from the Project payable to the Property Management Agent, as described in the Property Management Agreement.

“Property Management Agreement” means the Property Management Agreement entered into or to be entered into by the Partnership and the Property Management Agent pursuant to which the Property Management Agent shall have primary responsibility for overseeing the management of the Project Property, as described in Section 6.4.9.

“QAP” means the Qualified Allocation Plan for the Project State.

“Qualified Basis” has the meaning set forth in Section 42(c) of the Code.

“Qualified Occupancy” means the initial occupancy of 100% of the Tax Credit Units by qualified tenants pursuant to Section 42 of the Code.

“Qualified Occupancy Date” means May 1, 2016.

“Regulations” means the Federal Income Tax Regulations (including without limitation, Temporary Regulations) promulgated under the Code, as the same may be amended from time to time (including corresponding provisions of successor regulations).

“Regulatory Agreement” means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any Lender, or any
applicable government agency setting forth certain terms and conditions under which the Project is to be operated.

"Replacement Reserve" means the amount of funds required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in Section 6.4.7(iii).

"Replacement Reserve Account" means a segregated Partnership bank account held by the General Partner or the Permanent Lender and established to hold the Replacement Reserve, as described in Section 6.4.7(iii).

"Required Debt Service Payments" means all principal, interest and other required recurring charges and fees that are required to be paid monthly, or at some other regular period, which are payable in connection with the Construction Loan and, or, any Permitted Loan, but only to the extent that payment of such amount is not contingent on available net operating receipts of the Partnership.

"Residential Units" means the individual residential rental housing Tax Credit Units and the Market Rate Units located on the Project Property.

"Right-Sized Permanent Loan Amount" means the maximum permanent loan amount producing a debt service payment (based on the Permanent Loan interest rate and terms contained in the Projections) that, as determined by the Limited Partner, yields a Debt Service Coverage Ratio of 1.15 or better for each month during the three (3) consecutive month period which is the later of (i) the three (3) consecutive months following the first month after the achievement of Qualified Occupancy, or (ii) if applicable, the three (3) consecutive months immediately prior to the conversion of the Construction Loan to the Permanent Loan. Calculation of the Debt Service Coverage Ratio for each such month shall be based upon the Operational Costs of the Partnership and Gross Cash Receipts, excluding any non-rental income that exceeds the amount of non-rental income specified in the Projections, as adjusted utilizing a vacancy factor equal to the greater of 7% or the actual vacancy of the Project for the prior month's operations and excluding the amount of any income from tenant-based (not project-based) rent subsidy vouchers with respect to Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent. In no event shall the Right-Sized Permanent Loan Amount exceed the Permanent Loan amount of $3,350,000.

"Right-Sized Payment Amount" has the meaning set forth in Section 6.4.6(iii).

"Second Installment" has the meaning set forth in Section 3.2.2 of this Partnership Agreement.

"Section 168 Tax Return" means the General Partner's filed tax return for the taxable year specified in the Accountant's Section 168(h) Certification that includes the General Partner's election under Section 168(h)(6)(f)(ii) to not be treated as a tax-exempt controlled entity for purposes of Section 168(h)(5) and (6) of the Code.

"Service Provider" means LifeNet Community Behavioral Healthcare.
“Service Provider Agreement” means that certain agreement by and between the General Partner and the Service Provider pursuant to which the Service Provider shall have primary responsibility for providing certain services to the tenants of the Project.

“Service Provider Documents” means the Service Provider Agreement and all documents related thereto.

“Sixth Installment” has the meaning set forth in Section 3.2.6 of this Partnership Agreement.

“Special Limited Partner” means Churchill 2012 SLP, LLC, a Texas limited liability company.

“Stabilized Occupancy” means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three (3) consecutive months; (b) the Gross Cash Receipts (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) for any three (3) consecutive calendar months after Construction Completion from those Residential Units collectively equal or exceed the projected revenues as set forth in the Projections for the same three (3) month period; and (c) the General Partner has deposited the Right-Sized Payment Amount into the Operating Reserve in accordance with Section 6.4.6(iii).

“State Housing Finance Agency” means the agency controlling the allocation of Tax Credits and administering the Tax Credits, which in certain limited instances may be a local city agency.

“Subordinate Lender” means those lenders, together with any successors or assigns in such capacity, reasonably acceptable to the Limited Partner that are expected to make the Subordinate Loan.

“Subordinate Loan” means those loans expected to be made from the following lenders in the amount(s) set forth after their (its) name(s):

<table>
<thead>
<tr>
<th>Lender</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. State Housing Finance Agency</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>(HOME Loan)</td>
<td></td>
</tr>
</tbody>
</table>

“Subordinate Loan Documents” means any and all of those Subordinate Loan Documents evidencing, securing, or related to each of the Subordinate Loans, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner or a Special Limited Partner to the Partnership pursuant to Section 9.2 or Section 9.3 in place of and with all the rights of a limited partner under the Partnership Agreement and the Act.
"Tax Credit" or "Credit" means the low income housing tax credit under Section 42 of the Code.

"Tax Credit Units" means Project units that are subject to the Tax Credit income limitations under Section 42 of the Code as specified in the Projections.

"Tax Matters Partner" means the General Partner acting in its capacity designated in Section 6.4.3.

"Ten Percent Due Date" means July 1, 2014.

"Third Installment" has the meaning set forth in Section 3.2.3 of this Partnership Agreement.

"Timing Reduction" means the reduction in the Capital Contribution of the Limited Partner designed to compensate the Limited Partner for the reduced present value of delayed Tax Credits.

"Treasury" means the United States Department of the Treasury, including the United States of America acting through the Treasury.

"Voluntary Transfer" means any sale, assignment, transfer, pledge, or hypothecation of any Partnership Interests by a Partner, except for (i) an Involuntary Transfer, (ii) any transfer in connection with an LP Pledge under Section 9.7, (iii) a voluntary withdrawal by the Limited Partner under Section 9.8 or (iv) the Limited Partner’s exercise of its Put Right under Section 9.9.

"Warehouse Lender" means Morgan Stanley Senior Funding, Inc., as agent (together with its successors and/or assigns in such capacity, “Morgan Stanley”). For purposes of Section 9.7.5 hereof, written notice shall be given to the Warehouse Lender as follows: 201 S. Main Street, Salt Lake City, Utah 84111, Attention: Kissy Morris, Tel: 801-236-3691, Fax: 801-236-3687 and at 1585 Broadway, New York, NY 10036, Attention: Dan Heldridge, Vice President, Tel: 212-761-2159, Fax: 917-760-9634, or at such other address as Warehouse Lender may from time to time designate.
ARTICLE 2: ORGANIZATION

Section 2.1 Continuation of Partnership. The Partnership was formed by filing of the Certificate of Formation with the Filing Office on September 10, 2013 and by the execution of the Initial Agreement. The Partners desire to continue the Partnership under and pursuant to the provisions of the Act. By executing this Partnership Agreement, the parties hereto agree that the Initial Agreement is hereby amended and restated in its entirety and the Limited Partner is hereby admitted to the Partnership on the terms and conditions set forth herein, and by executing the withdrawal signature page hereof, the Initial Limited Partner hereby concurrently withdraws from the Partnership, all to become effective upon filing of an amended Certificate of Formation reflecting such changes if and to the extent required by the Act.

Section 2.2 Character and Purpose of Business. The general character and purpose of the business of the Partnership is: (a) primarily to acquire, construct, own, finance, lease, and operate the Project Property in a manner that provides decent, safe and affordable housing for low-income persons and ensures that the Project Property will be and remain a qualified low income housing project within the meaning of Section 42 of the Code and consistent with the charitable purposes of the sole member of the General Partner; (b) to eventually sell or otherwise dispose of the Project Property in a manner consistent with the provisions of this Partnership Agreement; and (c) to engage in all other activities incidental or related thereto.

Section 2.3 Name of Partnership. The name of the Partnership is “Hebron 2013 Senior Community, L.P.”.

Section 2.4 Principal Place of Business. The address of the principal place of business of the Partnership shall be 2314 Parker Road, Carrollton, Texas, or such other address as the Partners may select from time to time.

Section 2.5 Principal Office. The address of the principal office of the Partnership is 2314 Parker Road, Carrollton, Texas, or such other address as the Partners may select from time to time.

Section 2.6 Agent for Service of Process. The Partnership’s agent for service of process is Liam Mulvaney, or such other agent as the General Partner may select from time to time with written notice to the Limited Partner. The address of the agent for service of process is 9708 Skillman Street, Dallas, Texas 75243.

Section 2.7 Name and Address of General Partner. The name and address of the General Partner is:

Hebron 2013 G.P., L.L.C.
9708 Skillman Street
Dallas, Texas 75243

Section 2.8 Name and Address of Limited Partner and Special Limited Partner. The name and address of the Limited Partner and Special Limited Partner is:

- 19 -
Section 2.9 Governmental Filings. The General Partner shall make all governmental filings as are necessary or appropriate to qualify the Partnership (a) to do or continue to do business in the Project State and any other jurisdiction or (b) to otherwise carry out the purposes and intent of this Partnership Agreement. In addition, the General Partner shall timely and properly file of record the Extended Use Agreement.

Section 2.10 Term of Partnership. The term of the Partnership began on September 10, 2013 (the date on which the Certificate of Formation was first filed with the Filing Office) and the Partnership will continue in perpetuity, unless it is earlier dissolved and terminated in accordance with the provisions of this Partnership Agreement.

Section 2.11 Compliance with Laws. The Partnership shall comply with all applicable provisions of the Act, and any other applicable statutes and local ordinances governing limited partnerships in the Project State, as well as any other applicable laws of any federal, state, or local government or agency having legal jurisdiction over the Partnership and the Project (including without limitation, Environmental Laws).

Section 2.12 Statutory Record Keeping. The Partnership shall keep at its principal place of business the following and any and all other items required by the Act:

2.12.1 a current list of the full name and last known address of each Partner, separately identifying each general partner and all limited partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner;

2.12.2 a copy of the Certificate of Formation of the Partnership, as amended or restated from time to time, together with executed copies of any powers of attorney pursuant to which any such certificate has been executed;

2.12.3 copies of the Partnership’s federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

2.12.4 a copy of the Partnership Agreement, any original or prior written partnership agreements of the Partnership, and any amendments thereto;
2.12.5 financial statements of the Partnership for the three (3) most recent years.

Section 2.13 Related Party Debt. The Partners agree that any entity that is a lending institution having a direct or indirect ownership or beneficial interest in the Limited Partner (a “Related Lender”) may at any time make, guarantee, own, acquire, or otherwise credit-enhance, in whole or in part, a loan secured by a mortgage, deed of trust, or other security instrument encumbering the Project (a “Related Lender Loan”). Under no circumstances shall a Related Lender be considered to be acting on behalf or as an agent or the alter ego of the Limited Partner or any of its members, partners, or beneficiaries in making a Related Lender Loan. A Related Lender may in its discretion take any actions that it determines advisable in connection with a Mortgage Loan, including enforcement actions. The Partners hereby acknowledges that no Related Lender owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Lender’s direct or indirect ownership or beneficial interest in the Partnership (the “Related Lender’s Equity Interest”). Neither the Partnership nor any other Partner shall make any claim against a Related Lender, or against the Limited Partner or any other entity through which the Related Lender owns the Related Lender’s Equity Interest, relating to a Related Lender Loan and alleging any breach of fiduciary duty, duty of care, or any other duty whatsoever to the Partnership, the Limited Partner, or such other Partner, based in any way upon the Related Lender’s Equity Interest. As used herein, the term “Limited Partner” includes its successors and assigns, as applicable.

Section 2.14 Non-Confidential Tax Shelter. Any obligations of confidentiality contained in or applicable to this Partnership Agreement shall not apply to the federal tax structure or federal tax treatment of the Partnership or the transactions contemplated herein. Each Partner and its employees, representatives, and agents may disclose to any and all persons, without limitation of any kind, such federal tax structure and treatment and such transactions. The Partnership interest shall not be treated as having been issued under conditions of confidentiality for purposes of Treasury Regulations Section 1.6011-4(b)(3) or any successor provision. Each Partner agrees that it has no proprietary or exclusive rights to the federal tax structure of the Partnership, the transactions contemplated herein, or federal tax matters or ideas related to such transactions.

The General Partner shall promptly notify the Limited Partner and the Special Limited Partner if it learns that the Partnership has participated in any reportable transaction within the meaning of Treasury Regulations Section 1.6011-4(b)(3).

Section 2.15 Definitions. All capitalized words and phrases used in this Partnership Agreement (other than the full names and addresses of the Partners and governmental subdivisions and agencies) have the meanings set forth in Article 1.
ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS

Section 3.1 General Partner's Capital Contributions.

3.1.1 The General Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of One Hundred and No/100 Dollars ($100.00) in exchange for a 0.005% General Partner Partnership Interest, and, upon the execution of this Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

3.1.2 The General Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement. The General Partner's Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

3.1.3 If the Partnership has not paid all amounts due as a Deferred Development Fee by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make an additional Capital Contribution to the Partnership in the amount of the outstanding balance of the Deferred Development Fee, and any accrued and unpaid interest thereon, and the Partnership shall use this Capital Contribution to pay the remaining balance of the deferred Developer Fee, and any accrued and unpaid interest thereon.

Section 3.2 Limited Partner's Capital Contributions. The Limited Partner shall make Capital Contributions to the Partnership in the aggregate amount of Fourteen Million Nine Hundred Ninety-Eight Thousand Five Hundred and No/100 Dollars ($14,998,500.00) in exchange for a 99.99% Limited Partner Partnership Interest in the Partnership (the "Limited Partner Capital Contribution"). The Limited Partner Capital Contribution shall be paid as equity for Project related costs (other than Developer Fee approved by the Limited Partner) ("Project Equity") and for the non-deferred portion of the Developer Fee ("Non-Deferred Developer Fee Equity"). Subject to Section 6.9 and the other terms and conditions of this Partnership Agreement, the Limited Partner’s Capital Contributions will be made as follows:

3.2.1 First Installment. The Limited Partner’s first installment of Capital Contribution, in the amount of $1,646,244 ("First Installment"), less $55,000, which shall be paid directly to the Limited Partner to reimburse it for its due diligence, inspection and closing costs in conjunction with its acquisition of an interest in the Partnership, shall be payable in cash as follows:

(f) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the First Installment in the amount of $1,200,573:
(a) Receipt and approval by the Asset Manager of all of the Limited Partner’s Project Closing Checklist requirements (except for those documents reflected in the Post-Closing Document Delivery Agreement);

(b) Receipt and approval by the Asset Manager of a copy of the filed IRS Form 8832-Entity Classification Election containing the General Partner’s election to be taxed as a corporation with an effective date specified in line 8 of the Form that is no later than the projected date of Placement in Service;

(c) Receipt and approval by the Asset Manager of the Section 168 Tax Return containing the General Partner’s Section 168(h)(6) election statement in the form attached as Exhibit A to the Accountant’s section 168(h) Certification; and

(d) Admission of the Limited Partner to the Partnership.

Notwithstanding anything to the contrary in this Section 3.2.1(i), the Limited Partner may, in its sole discretion, after all of the above conditions have been met, pay only a portion of the First Installment of Project Equity equal to the amount required to pay actual Project costs that have been incurred as of the date all of the above conditions have been met. Any portion of the First Installment of Project Equity that is not paid due to the application of the preceding sentence will be held by the Limited Partner and paid as and when actual Project costs intended to be funded by the First Installment of Project Equity are incurred.

(ii) Upon the satisfaction of all of the requirements for payment of the Project Equity portion of the First Installment as set forth in Section 3.2.1(i) above, the Limited Partner shall pay to the Partnership the Non-Deferred Developer Fee Equity portion of the First Installment in the amount of $445,671.

3.2.2 Second Installment. The Limited Partner’s second installment of Capital Contribution, in the amount of $2,978,443 ("Second Installment") shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Second Installment in the amount of $2,978,443:

(a) Satisfactory completion of 50% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;
(b) Receipt of the Carryover Allocation Documents, if not previously provided, and approval of such Documents by the Asset Manager;

(c) Receipt by the Asset Manager of the Owner’s Title Insurance Policy;

(d) Receipt by the Asset Manager of all documents set forth in the Post-Closing Document Delivery Agreement;

(e) Receipt and approval by the Asset Manager of draft Service Provider Documents;

(f) Satisfaction of all of the conditions to the payment of all prior installments;

(g) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(h) August 1, 2014.

$577,297 of this installment shall be used to fund the Lease-up Reserve Account.

Notwithstanding anything to the contrary in this Section 3.2.2(i), the Limited Partner may, in its sole discretion, after all of the above conditions have been met, pay only a portion of the Second Installment of Project Equity equal to the amount required to pay actual Project costs that have been incurred as of the date all of the above conditions have been met. Any portion of the Second Installment of Project Equity that is not paid due to the application of the preceding sentence will be held by the Limited Partner and paid as and when actual Project costs intended to be funded by the Second Installment of Project Equity are incurred.

3.2.3 Third Installment. The Limited Partner’s third installment of Capital Contribution, in the amount of $4,802,293 (“Third Installment”) shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Third Installment in the amount of $4,802,293:

(a) Satisfactory completion of One-Hundred percent (100%) of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;
(b) Receipt by the Asset Manager of temporary Certificates of Occupancy (or if available the final Certificate of Occupancy) for all Project Residential Units and, if applicable, all commercial space;

(c) Receipt by the Asset Manager of an Architect's certification indicating that all the work has been substantially completed in accordance with the plans and specifications provided to, and approved by, the Asset Manager;

(d) Receipt by the Asset Manager of fully executed Service Provider Documents;

(e) Receipt of an executed easement for the overhead electric line which runs along the North and West property lines of the Project;

(f) Satisfaction of all of the conditions to the payment of all prior installments;

(g) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(h) May 1, 2015.

3.2.4 **Fourth Installment.** The Limited Partner's fourth installment of Capital Contribution, in the amount of $426,294 ("Fourth Installment") shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Non-Deferred Developer Fee Equity portion of the Fourth Installment in the amount of $426,294:

(a) Receipt of a satisfactory draft Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(b) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(c) June 1, 2015.

3.2.5 **Fifth Installment.** The Limited Partner's fifth installment of Capital Contribution, in the amount of $5,048,341 ("Fifth Installment") shall be payable in cash as follows:
Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Fifth Installment in the amount of 4,079,490:

(a) If the Construction Loan has not been repaid in full, receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the repayment in full of the Construction Loan and the requisite account wiring information with respect to where such funds must be deposited;

(b) Verification to the satisfaction of the Asset Manager that Qualified Occupancy of all Project Tax Credit Units has been achieved;

(c) At least 90 days prior to the expected closing date of the Permanent Loan, receipt by the Asset Manager of all draft Permanent Loan Documents;

(d) Receipt by the Asset Manager of executed Permanent Loan Documents that have been previously approved by the Asset Manager;

(e) Receipt by the Asset Manager of satisfactory evidence of the General Partner’s performance under the Permanent Loan Conversion Guaranty;

(f) Verification to the satisfaction of the Asset Manager that the Project has achieved Stabilized Occupancy;

(g) Completion of any outstanding punch list items to the reasonable satisfaction of the Asset Manager;

(h) Receipt by the Asset Manager of satisfactory evidence of Owner’s Date Down Title Insurance Coverage;

(i) Receipt of an ALTA “As-Built” Survey of the Project;

(j) Receipt of final lien waivers from the Contractor;

(k) Receipt of all required tax-exemption approval documentation in form satisfactory to the Asset Manager and an opinion from the General Partner’s counsel regarding the availability of such tax-exemption;

(l) Receipt of a satisfactory final Cost Certification for the Project prepared by the Project Accountant, verifying the
Tax Credit basis for submission to the State Housing Finance Agency;

(m) Receipt by the Asset Manager of final Certificates of Occupancy for all Project Residential Units and, if applicable, all commercial space;

(n) Receipt by the Asset Manager of satisfactory evidence that all reserves, including, but not limited to, the Operating Reserve Account and Replacement Reserve Account have been established by the General Partner and funded at the required levels (the funding levels may be met with funds from this installment);

(o) Receipt by the Asset Manager of satisfactory Environmental Certification in the form provided by the Asset Manager;

(p) Receipt by the Asset Manager of the recorded Extended Use Agreement;

(q) Satisfaction of all of the conditions to the payment of all prior installments;

(r) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(s) September 1, 2016.

$477,770 of this installment shall be used to fund the Operating Reserve Account.

(ii) Upon the satisfaction of all of the requirements for payment of the Non-Deferred Developer Fee Equity portion of the Third Installment as set forth in set forth in Section 3.2.3(ii) and the Project Equity portion of the Fourth Installment as set forth in Section 3.2.4(i) above, the Limited Partner shall pay to the Partnership the Non-Deferred Developer Fee Equity portion of the Fourth Installment in the amount of $968,851.

3.2.6 Sixth Installment. The Limited Partner's sixth installment of Capital Contribution, in the amount of $96,885 ("Sixth Installment") shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Non-Deferred Developer Fee Equity portion of the Sixth Installment in the amount of $96,885:
(a) Receipt by the Asset Manager and acceptance of the first year's tax return and K-1 for the Partnership after Qualified Occupancy is achieved;

(b) Receipt by the Asset Manager of a fully executed Form 8609 (including an executed Part 2) issued for each Building in the Project;

(c) Receipt by the Asset Manager of recorded copies of all previously executed Permanent Loan(s) Documents;

(d) Satisfaction of all of the conditions to the payment of all prior installments;

(e) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(f) November 1, 2016.

3.2.7 Other Conditions Affecting Payment of Capital Contributions.

(i) Notwithstanding anything to the contrary in Section 3.2 above, the Asset Manager may, in its sole and absolute discretion, waive any one or more of the requirements set forth in Sections 3.2.1 through 3.2.6 above and pay that installment of Project Equity; provided, however, any requirement that is waived must be satisfied prior to the payment by the Limited Partner of the respective Developer Fee Equity.

(ii) Notwithstanding any reduction of the Limited Partner's Capital Contribution installment next due, including a reduction to $0 of the installment next due or a reduction to $0 of all remaining Capital Contributions, that results from the operation of the provisions found in Sections 6.9.1 through 6.9.3, the General Partner shall remain obligated to satisfy on a timely basis all of the conditions related to the payment of the Project Equity and Non-Deferred Developer Fee portions of each installment of Capital Contribution as described in Sections 3.2.1 through 3.2.6 above.

(iii) A portion of the Developer Fee in the amount of $0 that is not projected to be paid out of the Limited Partner's Capital Contribution or the Project financing shall be payable from available Cash Flow, with interest thereon at the rate of two percent (2%), compounding annually and, if applicable, as provided in Section 3.1.3, above, subordinated to certain Cash Flow payments to be made to the Limited Partner. If any principal and/or accrued interest on the Deferred Development Fee remain unpaid by the end of the twelfth (12th) year of the Compliance Period, the General Partner shall make a Capital Contribution to the Partnership, as provided for in Section 3.1.3 above, in an amount sufficient to
enable the Partnership to pay the outstanding amount of the Deferred Development Fee.

(iv) The General Partner shall deliver to the Limited Partner, not more than thirty (30) days nor less than ten (10) business days prior to the due date of each installment of the Limited Partner’s Capital Contribution, the General Partner’s written certification that each of the applicable conditions set forth in Section 3.2.8, has been satisfied.

(v) Notwithstanding anything to the contrary herein, if there are any cost savings with respect to the development of the Project (“Cost Savings”), such Cost Savings shall be distributed, subject to the approval of the Asset Manager, in the following order: (A) first, in accordance with §5.1(i) through (v) hereof, (B) second, to reduce the amount of the Permanent Loan Gap Amount (which shall not be deemed loans by the General Partner or the Special Limited Partner), as set forth in §6.46(iii), and (C) to the Special Limited Partner as an incentive construction oversight fee in an amount not to exceed the lesser of (i) $200,000, or (ii) such amount as permitted by the State Housing Finance Agency or in any of the Loan Documents.

3.2.8 The obligation to pay the amounts due under Section 3.2.1 through Section 3.2.6 is expressly conditioned upon each of the following requirements, in addition to those requirements that are set forth above, being satisfied at all times prior to and including the due dates of the above payments:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in this Partnership Agreement (including, without limitation, those covenants and obligations set forth in Section 6.3);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Capital Contribution payment (including, without limitation, those set forth in Section 6.3);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 hereof, it being acknowledged and agreed that any penalty assessed against the General Partner under Section 8.6.1 for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Developer Fee payable under Section 3.2, and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under Section 3.2 and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward payment of the Developer Fee;

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner’s financial or business condition
or operations that affects (or with the passage of time will affect) its ability to
perform its obligations hereunder; and

(v) There has been no Change in Law.

3.2.9 Subject to the provisions set forth above, if a Limited Partner's interest
in the Partnership is liquidated (within the meaning of Regulations Section 1.704-
1(b)(2)(ii)(g)) prior to the payment of the Limited Partner's entire Capital Contribution
pursuant to this Section 3.2, and the Limited Partner does not or has not provided a
negotiable promissory note to evidence its obligation to pay its Capital Contribution, the
Limited Partner shall pay no later than the end of the taxable year of the Partnership in
which the Limited Partner's interest is liquidated or, if later, within ninety (90) days after
the date of the liquidation the lesser of (1) the unpaid balance of its Capital Contribution;
and (2) its negative Capital Account balance.

Section 3.3 Additional Provisions Concerning Capital Contributions.

3.3.1 Each installment of the Limited Partner's Capital Contribution paid
prior to conversion to the Permanent Loan shall be deposited into a designated account
in the name of the Partnership with Construction Lender to be used in accordance with
and as provided in the Credit Support and Funding Agreement entered into by and
between the Partnership and Construction Lender.

3.3.2 Notwithstanding any other provision of this Partnership Agreement, but
subject to credit adjusters provided in Section 6.9 herein, none of the amount, timing or
conditions of the Limited Partner’s Capital Contributions may be amended nor shall any
conditions to the funding of the Limited Partner’s Capital Contributions be added without
the written consent of Construction Lender as long as the Construction Loan remains
outstanding.

Section 3.4 Interest on Capital Contributions. The Partnership shall not pay any
Partner interest on its Capital Contribution.

Section 3.5 Withdrawal and Return of Capital Contributions. Except as provided
elsewhere herein, no Partner has the right: (a) to withdraw any part of its Capital Contribution
from the Partnership; (b) to demand a return of its Capital Contribution; or (c) to receive
property other than cash in return for its Capital Contribution.

Section 3.6 Capital Accounts.

3.6.1 The Partnership shall maintain for each Partner a separate capital
account in accordance with Section 1.704-1(b) of the Regulations. The Capital Account
of each Partner consists of the amount of its Capital Contribution, and will be (1)
increased by (i) the fair market value of any property contributed by it to the Partnership,
(ii) the amount of any Partnership liability assumed by such Partner or which is secured
by any Partnership Property distributed to such Partner, and (iii) its allocable share of
Profits and any items of income or gain specially allocated to it pursuant to Section 4.2.4
through Section 4.2.15, and (2) decreased by (i) the amount of any cash distributed to it,
(ii) the fair market value of any Partnership Property distributed to it, (iii) the amount of
any liability of such Partner assumed by the Partnership or which is secured by any
property contributed by such Partner to the Partnership, and (iv) its allocable share of
Losses and any items of loss or deduction specially allocated to it pursuant to
Section 4.2.4 through Section 4.2.15.

3.6.2 If any Partnership Interests are transferred in accordance with the terms
of this Partnership Agreement, then the transferee will succeed to the Capital Account of
the transferor to the extent it relates to the transferred Partnership Interest. Upon the
occurrence of any of the following events, the Partnership shall revalue the Partnership
Property and adjust the Partners' Capital Accounts to reflect the gain (or loss) that would
have been allocated to each Partner if all the Partnership Property had been sold at its fair
market value immediately prior to the occurrence of any of the following events, and if
required to cause the provisions herein regarding the maintenance of Capital Accounts to
comply with Section 1.704(b) of the Regulations:

(i) Any new or existing Partner acquiring an additional interest in the
Partnership in exchange for more than a de minimis Capital Contribution;

(ii) The Partnership distributing to a Partner more than a de minimis
amount of property or money in consideration for an interest in the Partnership; or

(iii) The "liquidation" of the Partnership within the meaning of Section
1.704-1(b)(2)(ii)(g) of the Regulations, other than a "liquidation" resulting from a
termination under Section 1.708-1(b)(1)(ii) of the Regulations.

The revaluation of the Partnership Property referred to in the immediately preceding
sentence will be made in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations.

The foregoing provisions and all other provisions of this Partnership Agreement relating
to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the
Regulations and will be interpreted and applied in a manner consistent with such Regulations.

Section 3.7 Partnership Loans. Subject to the limitations set forth in Section 6.2.6, if
from time to time the Partnership needs funds in excess of those provided by the Construction
Loan, Permanent Loan, Subordinate Loans, Capital Contributions of the Partners, and funds
required to be provided by the General Partner or any Affiliate of the General Partner pursuant
to any obligation hereunder or any other agreement (such as pursuant to Sections 6.4.6(i),
6.4.6(ii) and 6.4.6(iii)), any Partner or other person, organization, or institution may loan such
additional funds to the Partnership at an interest cost to the Partnership and upon such terms, as
agreed upon by the General Partner in its reasonable discretion, subject to compliance with the
terms of existing loan agreements and this Partnership Agreement. Any loan made by a General
Partner or an Affiliate of a General Partner will not bear interest in excess of the long term
annual compounding Applicable Federal Rate. Any loan made hereunder by a Partner will be
paid as provided in Section 5.1 and Section 5.2 hereof.
Section 3.8 Additional Capital Contributions. Except as expressly provided in this Partnership Agreement, no Partner is required to make contributions to the capital of the Partnership.

Section 3.9 Limited Partner's Withdrawal Option. In the event that the following events have not occurred by the specified dates, unless such dates are waived or extended in writing by the Limited Partner, then the Limited Partner may, at its sole option and discretion, withdraw from the Partnership at any time unless and until it waives such withdrawal right in writing.

<table>
<thead>
<tr>
<th>Event</th>
<th>Completion or Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commencement of construction of the Project as evidenced in a manner as reasonably required by the Asset Manager.</td>
<td>1. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
<tr>
<td>2. Submission of all outstanding items in the Post-Closing Document Delivery Agreement</td>
<td>2. Thirty (30) days after the date of execution of the Partnership Agreement</td>
</tr>
</tbody>
</table>

Upon any such withdrawal, the Partnership shall (i) immediately return to the Limited Partner all Capital Contributions actually made to the Partnership by the Limited Partner, plus all expenses reasonably incurred by the Limited Partner in connection with entering into and withdrawing from the Partnership, and (ii) execute and file a release of the Limited Partner’s UCC Financing Statement securing its Capital Contribution obligation, and the Partners shall execute an amendment to the Partnership Agreement, the General Partner shall execute, file, and record, as applicable, an amendment to the Partnership’s Certificate of Formation, reflecting the withdrawal of the Limited Partner and the release of all of the Limited Partner’s obligations and liabilities in connection with the Partnership, all of the foregoing documents to be in form and content satisfactory to the Limited Partner. Notwithstanding any failure or delay in such execution and delivery, however, the Partnership Agreement shall be deemed to have been amended in accordance with the provisions of this Section 3.9 once the Limited Partner has provided the General Partner with written notice of its intent to withdraw. Nothing herein shall be construed to diminish any of the General Partner’s obligations under the Partnership Agreement to issue final accounting and tax reports to the Limited Partner for all periods prior to its withdrawal and in which its withdrawal occurred.
ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS

Section 4.1 Profit and Loss Allocations. Except as otherwise provided in Section 4.2, Profits and Losses for any Fiscal Year of the Partnership are allocated among the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.99%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Section 4.2 Special Allocations. Notwithstanding anything to the contrary contained in Section 4.1, the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under Section 4.1:

4.2.1 Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated 0.005% to the General Partner, 0.005% to the Special Limited Partner and 99.99% to the Limited Partner.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

4.2.2 Limitation on Allocations of Losses. To the extent the allocation of any Losses to a Limited Partner would cause that Limited Partner to have an Adjusted Capital Account Deficit at the end of any Fiscal Year of the Partnership, then those Losses will not be allocated to that Limited Partner, but rather will be specially allocated to the General Partner.

4.2.3 Profit Chargeback. To the extent any Losses are allocated to the General Partner in accordance with Section 4.2.2 above, then Profits will thereafter first be specially allocated to the General Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such allocations of Losses made to the General Partner under such Section 4.2.2, but (2) not to the extent that Losses would be allocated to the Limited Partner in excess of the amount permitted by such Section 4.2.2.

4.2.4 Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership Fiscal Year, then each Partner will be specially allocated items of Partnership income or gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner's share of the net decrease in the Partnership Minimum Gain (determined in accordance with Section 1.704-2(g) of the Regulations). Any allocations made pursuant to this subparagraph (d) are to be made in
proportion to the respective amounts required to be allocated to each of the Partners pursuant thereto. The items of Partnership income or gain specially allocated under this subparagraph (d) are to be determined in accordance with Section 1.704-2(f) of the Regulations. This subparagraph (d) is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(f) of the Regulations and will be interpreted consistently therewith.

4.2.5 Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4 (except Section 4.2.4), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Fiscal Year, then each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(5) of the Regulations) will be specially allocated items of Partnership income and gain for such Fiscal Year (and if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner’s share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(4) of the Regulations). Any allocations made pursuant to this Section 4.2.5 will be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items of Partnership income or gain specially allocated under this Section 4.2.5 will be determined in accordance with Section 1.704-2(i)(4) of the Regulations. This Section 4.2.5 is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

4.2.6 Qualified Income Offset. If a Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Limited Partner as quickly as possible. The special allocations required pursuant to this subparagraph (f) are made only if and to the extent that that Limited Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this subparagraph (f) were not in the Partnership Agreement. This subparagraph (f) is intended to comply with the qualified income offset requirements of Section 1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

4.2.7 Gross Income Allocation. If a Limited Partner has a deficit balance in its Capital Account at the end of any Partnership Fiscal Year which exceeds the sum of (1) the amount that Limited Partner is obligated to restore pursuant to any provision of this Partnership Agreement and (2) the amount that Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Section 1.704-2(g)(1) and Section 1.704-2(i)(5) of the Regulations, then that Limited Partner will be specially allocated items of Partnership income or gain in the amount of such excess as quickly as possible. The special allocations required pursuant to this Section 4.2.7 are made only if and to the extent that that Limited Partner would have a deficit Capital Account in excess of the aforementioned sum after all of the allocations provided for in this Article 4 have
been tentatively made as if Section 4.2.6 and this Section 4.2.7 were not in the
Partnership Agreement.

4.2.8 Nonrecourse Deductions. Nonrecourse Deductions are specially
allocated among the Partners in accordance with the same percentages set forth in Section
4.1 with respect to Profits and Losses.

4.2.9 Partner Nonrecourse Deductions. Partner Nonrecourse Deductions
are specially allocated to the Partner who bears the economic risk of loss with respect to
the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are
attributable in accordance with Section 1.704-2(i) of the Regulations.

4.2.10 754 Adjustment. To the extent an adjustment to the adjusted tax basis
of any Partnership Property undertaken pursuant to Section 734(b) or 743(b) of the Code
is required to be taken into account in determining the Capital Accounts of the Partners
under Section 1.704-1(b)(2)(iv)(m) of the Regulations, then the amount of such
adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment
increases the basis of the asset) or loss (if the adjustment decreases such basis) and such
gain or loss will be specially allocated to the Partners in a manner consistent with the
manner in which their Capital Accounts are required to be adjusted pursuant to the
aforementioned section of the Regulations.

4.2.11 Imputed Interest. To the extent the Partnership has taxable interest
income with respect to any Capital Contribution pursuant to Section 483 or Sections 1271
through 1288 of the Code, then (i) such interest income will be specially allocated to the
Partner to whom such Capital Contribution relates, and (ii) the amount of such interest
income will be excluded from the Capital Contributions credited to such Partner’s Capital
Account in connection with the payments of principal with respect to such Capital
Contribution.

4.2.12 Curative Allocations. The special allocations set forth in Section 4.2.4
through Section 4.2.9 are intended to comply with the requirements of Section 1.704-1(b)
of the Regulations. These special allocations may lead to results, which are inconsistent
with the Partners’ intentions concerning their sharing in Partnership distributions.
Accordingly, the General Partner is hereby authorized and directed to specially allocate
other items of Partnership income, gain, loss, and deduction among the Partners so as to
prevent the special allocations required under Section 4.2.4 through Section 4.2.9 of this
Section 4.2 from distorting the Partners’ understanding of the manner in which
Partnership distributions are to be made to the Partners upon the dissolution and
termination of the Partnership. In general, it is anticipated that the special allocations, if
any, made under this Section 4.2.12 are made by specially allocating other items of
Partnership income, gain, loss, and deduction among the Partners so that the sum of the
special allocations made to each Partner pursuant to Section 4.2.4 through Section 4.2.9
of this Section 4.2 equals the sum of the special allocations made under this Section
4.2.4. In order to preserve its Capital Account to allow the allocation of Tax Credits to
the Limited Partner in accordance with Section 4.2.1, the Limited Partner may select
certain classes of deductions (but not depreciation deductions) to be allocated solely to
the General Partner. The Limited Partner shall notify the General Partner in writing no later than the due date (without extension) of the Partnership tax return for any fiscal year of the deductions to be allocated to the General Partner in this manner, and the General Partner and Limited Partner shall cause the Partnership Agreement to be amended to reflect the special allocation described in the preceding sentence. Such amendment shall be considered effective as of the first day of the year for which such return relates.

4.2.13 Matching Income Allocation of Income or Gain from Sales and Refinancing Proceeds. All items of Partnership income or gain arising from events resulting in Net Cash from Sales or Refinancings are allocated:

(i) first, as specified in Sections 4.2.4 through 4.2.7, Section 4.2.10 and Section 4.2.12 and Section 4.4.3 of this Partnership Agreement;

(ii) second, if after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, any Limited Partner has a negative Capital Account balance, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s negative Capital Account is equal to zero;

(iii) third, to any General Partner that has a negative Capital Account balance after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, until its Capital Account balance is equal to zero;

(iv) fourth, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s positive Capital Account balance equals any amount to be distributed to the Limited Partner pursuant to Section 5.2.1(i) and Section 5.2.1(ii); and

(v) fifth, to the Partners in accordance with the percentages specified in Section 5.2.2.

4.2.14 Grant Income. Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner. In addition, if the General Partner is (i) a “tax-exempt entity” within the meaning of Section 168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of Section 168(h)(6)(F)(iii) of the Code and has not made the election under Section 168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this Section 4.2 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

4.2.15 Special Adjustment. The special allocations in this Section 4.2.15 shall apply notwithstanding any provision of this Partnership Agreement to the contrary. Prior to making any special allocations set forth in this Section 4.2, items of expenses and other deductions (other than depreciation, amortization, cost recovery deductions and Nonrecourse Deductions) equal to the sum of the amount of any loans to the Partnership made by the General Partner or any of its Affiliates pursuant to or for the purposes described in Section 3.7 and Sections 6.4.6(i), 6.4.6(ii), and 6.4.6(iii) are specially
allocated to the General Partner in each tax year in which any such loan is made. Further, if any loans of the General Partner or its Affiliates are repaid by the Partnership from Cash Flow pursuant to Section 5.1(a), the General Partner shall be specially allocated an amount of gross income equal to the lesser of (i) the amount of such repayment, or (ii) the aggregate amount of expenses and deductions specifically allocated to the General Partner under this Section 4.2.15. If the General Partner is (i) a “tax-exempt entity” within the meaning of Section 168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of Section 168(h)(6)(F)(iii) of the Code and has not made the election under Section 168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this Section 4.2.15 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

Section 4.3 Timing of Allocations. Except as otherwise expressly provided in this Partnership Agreement, all allocations of Profits, Losses, and Tax Credits are to be made as of the last day of each Fiscal Year of the Partnership.

Section 4.4 Other Allocation Rules. The following rules apply for the purpose of interpreting and applying the provisions of this Article 4 relating to the allocation of Profits, Losses, and Tax Credits among the Partners:

4.4.1 Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner’s proportionate share of the “excess nonrecourse liabilities” of the Partnership within the meaning of Section 1.752-3(a)(3) of the Regulations, the Partners’ respective interests in Partnership Profits shall be those percentage interests set forth in Section 4.1 (determined without regard to Section 4.2).

4.4.2 Effect of Cash Distributions. To the extent permitted by Sections 1.704-2(h) and 1.704-2(i)(6) of the Regulations, the General Partner shall endeavor to treat distributions of Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Limited Partner.

4.4.3 Recharacterization of Fee as Distribution. If any fee or portion thereof payable to any Partner or any Affiliate thereof is determined to be a nondeductible distribution from the Partnership to a Partner for federal income tax purposes, there will be allocated to such Partner an amount of gross income equal to such distribution.

Notwithstanding anything to the contrary in this Partnership Agreement, if the (i) Project Property was acquired from the General Partner or its Affiliate, and (ii) Projections reflect any amount of Tax Credits allocated in respect of the acquisition of the Project Property, then, except as set forth in the Code or the Treasury Regulations thereunder, the General Partner shall not be allocated nor shall the General Partner receive a distribution in excess of 49% of the Profits, Losses, or Cash Flow (except for payment of Developer Fees or repayment of any General Partner loans) of the Partnership.
Section 4.5 **Tax Effect of Allocations.** Except as otherwise required under the second paragraph of this Section 4.5, the allocation of Profits, Losses, and Tax Credits to any Partner under this Article 4 is deemed an allocation to that Partner of the same proportionate part of each separate item of Partnership taxable income, gain, loss, deduction, or credit comprising such Profits, Losses, and Tax Credits, including, without limitation, any “unrealized receivable” or “substantially appreciated inventory item” under Section 751 of the Code. The Partners are aware of the income tax consequences of the allocations made pursuant to this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their respective shares of Partnership income, gain, loss, deduction, and credit for income tax purposes.

Notwithstanding anything to the contrary contained in this Article 4, income, gain, loss, deduction, and credit with respect to any Partnership Property contributed to the capital of the Partnership by any Partner is, solely for tax purposes, allocated among the Partners so as to take into account any variation between the adjusted tax basis of such Partnership Property to the Partnership for federal income tax purposes and the value assigned to such Partnership Property for the purposes of the computation of the Partners’ Capital Accounts. If any revaluation of the Partnership Property is made by the General Partner (which revaluation may only be made with the consent of the Limited Partner) then any subsequent allocations of income, gain, loss, deduction, and credit with respect to such Partnership Property will take into account any variation between the adjusted tax basis of such Partnership Property for federal income tax purposes and the value assigned to such Partnership Property as a result of such revaluation. All allocations required under this paragraph of Section 4.5 are solely for purposes of federal, state, and local income taxes. These allocations do not affect and must not in any way be taken into account in computing any Partner’s Capital Account or any Partner’s share of Profits, Losses, Tax Credits or other items or distributions required or permitted to be made pursuant to any provision of this Partnership Agreement. This Section 4.5 is intended to conform to Section 704(c) of the Code.
ARTICLE 5: DISTRIBUTIONS

Section 5.1 Distribution of Cash Flow.

5.1.1 Cash Flow shall be paid, prior to the making of any distributions pursuant to Section 5.1.2 hereof, in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9 hereof;

(ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

(v) Fifth, to the Developer to pay any unpaid balance on the Deferred Development Fee;

(vi) Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7;

(vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i), 6.4.6(ii) or 6.4.6(iii) and not yet repaid;

(viii) Eighth, to the payment of any then payable Cash Flow Debt Service Payments, in accordance with the applicable Loan Documents;

(ix) Ninth, until the end of the Compliance Period, ninety percent (90%) of the balance, if any, to the General Partner and the Special Limited Partner first as an Incentive Partnership Management Fee, on a non-cumulative basis (to be allocated 90% to the Special Limited Partner and 10% to the General Partner), and thereafter as a distribution pursuant to Section 6.5.5 hereof.

5.1.2 After making the payments described in Section 5.1.1 hereof, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.990%</td>
</tr>
</tbody>
</table>
Notwithstanding any other provision of this Section 5.1 to the contrary for each Fiscal Year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such Fiscal Year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after repayment of the loans referred to in Section 5.1.1(vii) with respect to such Fiscal Year.

Section 5.2 Net Cash from Sales and Refinancings. Except as otherwise provided in Article 11 of this Partnership Agreement (pertaining to the liquidation and dissolution of the Partnership), Net Cash from Sales and Refinancings shall be paid or distributed to the Partners as provided in this Section 5.2.

5.2.1 Payments. Net Cash from Sales and Refinancings and any unutilized Operating Deficit Reserves shall be paid in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9;

(ii) Second, to the Limited Partner an amount equal to the amount of taxes which will be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state and local income tax rates in effect at such time for corporations;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the payment of current and accrued Asset Management Fees, if outstanding;

(v) Fifth, to the Developer to pay any unpaid balance, if any, on the Deferred Development Fee;

(vi) Sixth, to the Asset Manager the Disposition Fee;

(vii) Seventh, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7; and

(viii) Eighth, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i), 6.4.6(ii), or 6.4.6(iii), and not yet repaid.

5.2.2 Distributions. After making the payments specified in Section 5.2.1 hereof, the balance of Net Cash from Sales and Refinancings, if any, shall be distributed
10% to the Limited Partner, 80% to the Special Limited Partner and 10% to the General Partner.

Section 5.3 Timing of Distributions. Distributions of Cash Flow shall be made annually within ninety (90) days after the end of each Fiscal Year of the Partnership. The determination of the amount of Cash Flow distributable annually to the Partners under this Article 5 shall be based upon the state of facts existing on the last day of each Fiscal Year of the Partnership.

Section 5.4 Treatment of Distributions. Distributions to a Partner of Cash Flow are considered draws against such Partner’s allocable share of the Partnership’s Profits and Losses.

Section 5.5 Failure to Make Tax Elections. Notwithstanding anything to the contrary in this Article 5, if the General Partner is required to make the election pursuant to Section 168(h)(6)(F)(ii) of the Code and the election to be taxed as a corporation for Federal income tax purposes prior to the end of the calendar year in which the Project achieves Placement in Service, but fails to properly do so, then the General Partner shall not be entitled to any distributions under this Article 5 (except for the payment of any Developer Fee or repayment of any General Partner loans) in excess of 0.01% of the Cash Flow.
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER

Section 6.1 Management of Partnership. The Partnership is managed by the General Partner, who exercises full and exclusive control over the affairs of the Partnership, subject, however, to the limitations on its authority set forth in this Partnership Agreement (including, without limitation, Section 6.2 and Section 6.3); and provided, however the General Partner acknowledges that, until the Compliance Period has expired, the Special Limited Partner and its Affiliates will have guarantee obligations and the risks and rewards associated therewith will depend on the management decisions made in connection with the Project, and accordingly, the General Partner will keep the Special Limited Partner informed of the Partnership business and affairs, and will provide the Special Limited Partner with access to the books and records relating to the Partnership and will regularly meet with and obtain input from the Special Limited Partner. The General Partner is under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike, and lawful manner and will devote such part of its time to the affairs of the Partnership as is deemed necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Partnership Agreement. The General Partner shall use its best efforts and exercise good faith in all activities related to the business of the Partnership. The General Partner shall perform services in connection with the acquisition of the Project Property, including, if applicable, negotiating the purchase agreement with the seller of the Project Property, acting on behalf of the Partnership with federal, state and local authorities with respect to the Project Property, monitoring compliance with zoning, land use and other requirements with respect to the Project Property, and preparing or causing to be prepared such third-party studies as it deems necessary in connection with the acquisition of the Project Property.

6.1.1 Notwithstanding any provision of this Partnership Agreement or the Development Fee Agreement to the contrary, during the Compliance Period the General Partner shall materially participate (within the meaning of Section 469(h) of the Code and Treasury Regulations promulgated thereunder) in the development and operation of the Project. The General Partner shall devote such time and effort as necessary to assist the Developer in the development of the Property and the Project and to operate the Property and the Project. During the development of and throughout the Compliance Period for the Project, the sole owner of the General Partner shall maintain its federal tax exempt status and take such other actions under Section 42(h)(5)(c) of the Code to qualify as a “qualified non-profit organization”. The General Partner acknowledges that the Limited Partner is relying on the General Partner’s (or its sole member’s) participation and involvement in the Project to accomplish the development and operation of the Project. The General Partner will keep reasonable records of its hours spent participating in the Project and shall make such records available to the Limited Partner upon request.

6.1.2 Notwithstanding anything to the contrary contained in the Development Agreement, the General Partner shall engage in the following activities during the development phase of the Project:

(i) advise the Developer concerning the design of the Project as a low-income housing project;
(ii) review and approve the Project's Plans and Specifications;

(iii) approve the choice of architects and consultants with respect to the development and construction of the Project;

(iv) assist in obtaining all local approvals and permits necessary for the construction of the Project;

6.1.3 Construction of the Project. The sole shareholder of the General Partner shall act as the Contractor in addition to its duties and responsibilities as sole shareholder of the General Partner. The General Partner or Sponsor shall engage in the following activities during the construction phase of the Project:

(i) review and approve the submission of construction draw requests to the Construction Lender;

(ii) review and approve the choice of primary sub-contractor;

(iii) attend construction progress meetings with the subcontractors, and approve all change orders;

(iv) attend meetings with the Construction Lender.

6.1.4 Operation of the Project. The General Partner shall materially participate in all aspects of operating the Project. As stated above the sole member of the General Partner of the Partnership is a Qualified Non-profit. Notwithstanding anything to the contrary contained herein, the General Partner, or its sole member shall engage in the following activities throughout the Compliance Period:

(i) attempt to obtain grants and other subsidies from private institutions such as foundations and public entities to be used to subsidize rents for residents of the Project or otherwise reduce expenses of operations or provide amenities to the Project;

(ii) attempt to obtain development cost subsidies and rebates for the Project and residents thereof and attempt to obtain other affordable housing subsidies that will result in reduced rents for residents of the Project;

(iii) determine the particular requirements of low income families, and the manner in which the Project can be developed in a cost effective manner to best serve such needs;

(iv) consult with the Limited Partner and Special Limited Partner as requested on any matters regarding the Project and the surrounding community;

(v) use its best efforts to provide social services to the residents of the Project;
(vi) identify an appropriate “package” of services to be delivered to the residents of the Project based on the demographic profile of the anticipated resident community, and ultimately the actual resident community.

(vii) coordinate, on behalf of the Partnership, all relations with outside social service entities for delivery of services to the residents and coordinate with local service agencies, including housing authorities, welfare and social services departments, churches and other organizations operating for the purpose of assisting the needy, to advise such agencies about the availability of the Project as desirable housing for low-income families, and promote and encourage such agencies to refer potential tenants to the Project;

(viii) assist the Property Manager in designing its marketing and service programs.

(ix) identify and recommend target populations to the Property Manager for marketing purposes.

(x) consider ways in which the availability of the Project as suitable housing for low income families may be made more widely known in the community;

(xi) obtain information from and consult with low income tenants in the Project as to services which might be provided to such tenants by the Partnership;

(xii) obtain information from and consult with tenants concerning social and educational services from the community which might be provided to tenants at the Project;

(xiii) provide ongoing monitoring and coordination with outside groups providing the services to the Project, and, at the Limited Partner’s request, provide quarterly reports to the Limited Partner regarding their performance.

(xiv) maintain records and logs regarding the Project’s achievement of rent subsidies for targeted low income resident groups.

(xv) ensure that the Project is developed and operated as a low-income housing project in accordance with Section 42 of the Code and all rules and regulations;

(xvi) prepare, review and approve any changes to the Project’s marketing plan or management plan;

(xvii) perform all of its duties as the General Partner of the Partnership;
(xviii) the General Partner shall require that the Sponsor maintain certification as a Community Housing Development Corporation (“CHDO”) and comply with all requirements to provide a CHDO ad valorem tax exemption to the Project pursuant to the Texas Tax Code.

(xix) The General Partner acknowledges that (i) the amount of the Incentive Partnership Management Fee, of which it receives 10% of the total, is contingent upon the success of the Project, including the General Partner’s successful performance of the services listed herein; (ii) the General Partner has not been promised any definitive amount for the payment of the Incentive Partnership Management Fee; and (iii) it is aware that if the Project performs poorly it may not receive any payment pursuant to the conditions for payment of the Incentive Partnership Management Fee.

Section 6.2 Restrictions on General Partner’s Authority. Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Construction Loan, Permanent Loan, and Subordinate Loans);

6.2.2 Do any act making it impossible to carry on the ordinary business of the Partnership;

6.2.3 Initiate any litigation or administrative proceedings on behalf of the Partnership (other than in the ordinary course of the Partnership’s business) or confess a judgment against the Partnership;

6.2.4 Use Partnership Property or assign rights in specific Partnership Property for other than a Partnership purpose;

6.2.5 Sell or otherwise transfer any interest in the Project Property or an material asset of the Partnership (other than leases of Residential Units or, where applicable, commercial space, in the ordinary course of the Partnership’s business, and a transfer pursuant to Article 9 below);

6.2.6 Incur any debt or liability (or enter into any agreement resulting in any such debt or liability being incurred) on behalf of the Partnership (i) that is not in ordinary course of the Partnership’s business or (ii) any debt or liabilities in the ordinary course of the Partnership’s business, in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) other than the Construction Loan, the Permanent Loan and the Subordinate Loans, and those liabilities (or agreements relating thereto) which have been disclosed to and approved in writing by the Limited Partner and the Special Limited
Partner, provided, however, that in all events a Project loan or other form of financing that is secured by a mortgage, deed of trust, trust deed or other security instrument encumbering the Project or any interest therein, including without limitation any refinancing of any existing Project debt, shall be subject to the prior written approval of the Limited Partner;

6.2.7 Acquire any interest in real property or acquire any item of personal property on behalf of the Partnership having a purchase price of more than Ten Thousand and No/100 Dollars ($10,000.00), unless such acquisition is part of the development budget or annual operating budget that has been approved in writing by the Limited Partner;

6.2.8 Refinance, prepay, amend or modify any mortgage or long-term liability of the Partnership, including, without limitation the Permanent Loan or the Subordinate Loans;

6.2.9 Compromise any claim or liability in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) owed by or to the Partnership;

6.2.10 Make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or the Regulations, including, without limitation, any election under Section 42 or Section 754 of the Code. In this regard, the General Partner shall make (and the Limited Partner consents thereto) any elections required or permitted under Section 42 of the Code requested in writing by the Asset Manager;

6.2.11 Change any accounting method or practice of the Partnership;

6.2.12 Take any action that would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

6.2.13 Construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner);

6.2.14 Lease or otherwise operate any Tax Credit Unit in such a manner that such Tax Credit Unit would fail to be treated as a “low-income unit” under Section 42(i)(3) of the Code, or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under Section 42 of the Code;

6.2.15 Except for the Construction Loan, Permanent Loan, and Subordinate Loans (including any regulatory agreements or declarations governing such loans), mortgage, pledge or encumber any interest in any Partnership Property, including, without limitation, the Project Property;

6.2.16 Cause the Partnership to make a loan of any funds belonging to the Partnership or cause the Partnership to provide a guarantee of indebtedness of any other Person;
6.2.17 Change the nature of the business or purpose of the Partnership;

6.2.18 Hire or retain any Person to manage the Project Property or the Partnership’s business other than the Property Management Agent. The Project’s management agreement with Property Management Agent as the Project Property manager will contain the provisions specified in this Agreement, including those specified under “Property Management Agent” in the Article I hereof;

6.2.19 Take any action (or fail to take any action) causing or resulting in a breach of any of the representations, warranties or covenants of the General Partner set forth in this Partnership Agreement, including, without limitation, those set forth in Section 6.3;

6.2.20 Admit any other person or entity as a Partner, except as specifically permitted herein;

6.2.21 Except as permitted by Section 11.1 (pertaining to dissolution of the Partnership), take any action that may cause the dissolution of the Partnership;

6.2.22 Perform any act subjecting any Limited Partner or Special Limited Partner to liability as a general partner in any jurisdiction;

6.2.23 Deposit any Partnership funds in any bank, savings and loan, or other financial institution whose accounts are not fully insured by the Federal Deposit Insurance Corporation;

6.2.24 Commingle any Partnership funds with the funds of (1) any other partnership or limited liability company in which a General Partner is a partner or managing member, as the case may be, (2) a General Partner or any of its affiliates, or (3) any other entity;

6.2.25 Execute or deliver any assignment for the benefit of creditors;

6.2.26 Become or permit any Affiliate or any other Person related to the General Partner (within the meaning of Treasury Regulations Section 1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by the Loan Documents;

6.2.27 Modify or amend this Partnership Agreement except as authorized herein, or materially amend any fee agreement or the Construction Contract, or materially deviate from the Plans and Specifications for the construction of the Project from those provided to the Limited Partner prior to its admission to the Partnership;

6.2.28 After the Construction Completion Date, construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner) with a cost basis in excess of $25,000. If prior to the Construction Completion Date there are change orders for the approved Plans and Specifications for
the Project Property, such change orders shall be permitted only with the consent of the Limited Partner, unless all of the following are satisfied: (A) an individual change is for an amount not in excess of $25,000 and, when combined with all prior change orders, does not cause the aggregate amount of change orders to exceed $150,000, (B) the change order does not cause a material diminishment in the construction materials or methods approved in the Plans and Specifications, and (C) when combined with all prior change orders, the change order will not extend by more than thirty (30) days the initial scheduled date for Construction Completion as specified in the Project documents;

6.2.29 Acquire or purchase on behalf of the Partnership any automobiles;

6.2.30 Hire any person or persons as an employee of the Partnership;

6.2.31 Enter into any contractual arrangement on behalf of the Partnership for the provision of medical services, medication management, home health care or related personal care services (provision of services does not include a lease) to the tenants of the Project. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.32 Enter into any contractual arrangement on behalf of the General Partner for the provision of medical services, medication management, home health care or related personal care services (provision of services does not include a lease) to the tenants of the Project without the prior written consent of the Limited Partner. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.33 Bring any claim based on any right or interest of the Partnership except in the name and for the benefit of the Partnership;

6.2.34 Cause the Partnership to pay any compensation to the General Partner additional to the amounts permitted by this Agreement;

6.2.35 Do anything contrary to, or fail to take, any action deemed necessary or appropriate by the Limited Partner's tax counsel to cause the Partnership to be treated as a partnership for federal income tax purposes;

6.2.36 File or cause to be filed on behalf of the Partnership a voluntary petition in bankruptcy or a petition or answer seeking a reorganization, liquidation, dissolution or similar relief under any statute, law, rule, or regulation; provided, however, the consent of the Special Limited Partner, which shall not be unreasonably withheld, denied, or delayed, shall also be required; and

6.2.37 Cause the conversion, merger, or consolidation of the Partnership into or with another entity.

The Limited Partner may specify conditions for its review of any matter requiring Limited Partner consent hereunder, including without limitation payment of fees to the Limited Partner and reimbursement of third party costs related to such review. The
Limited Partner and the Special Limited Partner may each require reimbursement of third party costs related to review of any matter requiring their consent.

Section 6.3 Representations, Warranties and Covenants of the General Partner and the Special Limited Partner. As an inducement to the Limited Partner to enter into this Partnership Agreement, and in addition to the representations, warranties, and covenants set forth elsewhere in this Partnership Agreement, the General Partner and the Special Limited Partner, as applicable, hereby make the following representations, warranties, and covenants to and with the Limited Partner. All of the representations and warranties are deemed given as of the date hereof and as of every date thereafter throughout the term of the Partnership’s existence and may be relied upon by counsel to the Limited Partner in connection with the Limited Partner’s investment in the Partnership. With respect to the representations, warranties, and covenants by both the General Partner and the Special Limited Partner, each such Partner makes such representations, warranties, and covenants as to itself and not as to the other Partner. In addition, the General Partner and the Special Limited Partner, as applicable, hereby agree that all of the representations, warranties, and covenants made herein may be relied upon by the Limited Partner’s tax counsel in rendering its tax opinion to the Limited Partner. Unless stated otherwise, the General Partner and the Special Limited Partner, as applicable, shall fully comply with and abide by all of these covenants at all times throughout the term of the Partnership’s existence.

6.3.1 The Partnership has received an allocation or a reservation (and has or will timely comply with all requirements necessary to receive an allocation) of Tax Credits in an amount that will deliver no less than the Projected Tax Credits to the Limited Partner, and will timely comply with all requirements set forth in the Carryover Allocation Agreement and the QAP (to the extent applicable);

6.3.2 At all times following the completion of the contemplated improvements to the Project Property, the General Partner shall operate the Project Property in order to qualify one hundred and thirty-six (136) of the Residential Units in the Project Property for the Tax Credit with one-hundred percent (100%) of the tenants thereof qualifying under the appropriate income and rent restrictions of Section 42 of the Code as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of Section 42 of the Code renders such qualification impracticable), and in all other respects shall comply with the provision of Section 42 of the Code;

6.3.3 To the best of the General Partner’s and Special Limited Partner’s knowledge after due inquiry, and except as otherwise disclosed and certified in writing to the Limited Partner prior to the date of this Agreement, there are no actions, suits, or proceedings pending or threatened by any person or governmental authority against or affecting the Project Property, the General Partner, Special Limited Partner, or any of their Affiliates that may have a material adverse effect on the Project Property or the Partnership or on the ability of the General Partner and Special Limited Partner to perform their obligations hereunder;
6.3.4 The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability, or other charge other than costs incurred in connection with the acquisition and construction of the Project Property, operating expenses arising in the normal course of business, and those relating to the Construction Loan, Permanent Loan and Subordinate Loans;

6.3.5 All current leases (if any) for the Residential Units in the Project Property are and all future leases will be for an initial term of at least six (6) months;

6.3.6 The General Partner hereby represents and warrants as follows:

(i) To the best of its knowledge, after due inquiry and investigation, except to the extent, if any, disclosed in the environmental report(s) for the Project heretofore delivered to the Limited Partner:

(a) the Project does not contain any Hazardous Substance;
(b) the Project is not in violation of any Environmental Law or any amendments of these acts or successor statutes, has occurred or is continuing; and
(c) the General Partner has no knowledge and has not received any notice from any source whatsoever of the actual or potential existence of any Hazardous Substances on the Project, or of a violation of any Environmental Law, and the General Partner shall throughout the term of the Partnership, notify the Limited Partner in writing of any notice it may receive that such a condition or violation exists or may exist.

(ii) If any such hazardous condition or the presence of any Hazardous Substance is disclosed in the aforesaid environmental report(s) for the Project and such condition or substance has not already been properly encased, encapsulated or otherwise corrected in a manner consistent with federal, state or local law:

(a) the Project budget includes an amount necessary for recommended removal, encapsulation, or other remediation of such condition or substance and
(b) the General Partner will verify that rehabilitation or construction of the Project has been or is being completed in accordance with the recommendations for removal, encapsulation, or remediation of such conditions or substances and will certify to such in writing to the Limited Partner, upon completion of the rehabilitation or construction.

(iii) The General Partner will deliver to the Limited Partner copies of all test results of materials or soils that are indicated in the environmental
report(s) for the Project to be potentially hazardous or copies of any supplemental environmental report(s) that discuss the results of such tests.

(iv) The General Partner will take all actions within its control necessary to cause the Partnership to comply with and continue to comply with all ongoing or newly arising monitoring, maintenance, inspection, reporting, and remediation requirements of any applicable federal, state, or local environmental laws and regulations.

(v) If the Project has received project-based or tenant-based Section 8 rental subsidies, the Project operating budget shall include sufficient funds for the Project to comply with all applicable federal, state and local lead based paint laws and regulations.

(vi) Unless otherwise approved by the Limited Partner in writing, the aforesaid environmental report(s) are based on assessments of the Project that were performed or recertified not more than one hundred eighty (180) days prior to the date of execution of the Partnership Agreement by the Limited Partner.

(vii) The General Partner shall, to the extent any such recommendation is set forth in any of the environmental report(s) for the Project, (A) cause a qualified environmental consultant to prepare a lead and/or asbestos operations and maintenance plan for the Project Property, and (B) ensure that such plan is located in a readily accessible and appropriate area on the Project Property.

For purposes of the representations contained in this Section 6.3.6, substances known to be hazardous shall not include small amounts of chemicals, cleaning agents, or similar substances employed in routine household uses in a manner typical of occupants in other residential properties, or incidental cleaning supplies, provided that they are used at all times in strict compliance with all applicable laws and regulations and industry standards.

6.3.7 The Partnership is a duly organized limited partnership, validly existing under the Act, and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner;

6.3.8 No event has occurred that has caused and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an “association” taxable as a corporation, rather than as a partnership, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by such Limited Partner pursuant to Section 11.4 and any amount required to be repaid by such Limited Partner to the Partnership pursuant to Section 7.1 hereof and the Act;

6.3.9 The Partnership owns the fee simple interest in the Project Property including the improvements in fee simple free and clear of all liens, charges, and encumbrances other than mortgages and other security instruments securing any of the Construction Loan, Permanent Loan or the Subordinate Loans and those liens, charges,
and encumbrances expressly agreed to in writing by the Limited Partner and the General Partner and set forth in the owner's title insurance policy for the Project;

6.3.10 The Project Property conforms (or will timely conform) in all respects to all applicable laws, including, without limitation, all zoning, building, health, fire, and environmental rules and regulations and there are no laws, planning rules, regulations, ordinances, requirements, or environmental laws, regulations, or procedures applicable to the Project Property that would materially inhibit or materially adversely affect the operation of the Project Property as a low income housing development;

6.3.11 The General Partner (i) has caused and will cause the Partnership to maintain with financially sound insurers with a rating of A VIII or better, as designated by A.M. Best & Company, all insurance coverage required by the Limited Partner in accordance with the Limited Partner's current insurance standards, as posted on the NEF website (www.nefinc.org) under the portal for developers or made available to the General Partner in another manner specified in writing by the Asset Manager, and (ii) shall deliver to the Limited Partner, at least thirty (30) days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of renewal;

6.3.12 Neither of the Construction Loan, Permanent Loan, Subordinate Loans nor any other loan or agreement to which the Partnership is a party, nor the General Partner's performance of its obligations hereunder or hereunder, violates or constitutes a default under any provision of law, order of court, indenture, or other instrument affecting the General Partner, the Partnership, or the Project Property or, except for the Construction Loan, Permanent Loan and Subordinate Loans, result in the creation or imposition of any lien, charge, or encumbrance on the Project Property;

6.3.13 The General Partner and the Special Limited Partner have provided the Limited Partner with the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all available documents pertaining to the Construction Loan, Permanent Loan, and Subordinate Loans and any other information which is relevant to the construction and development of the Project Property;

6.3.14 All material information concerning the Project Property known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the General Partner and the Special Limited Partner to the Limited Partner and there are no facts or information known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the General Partner and the Special Limited Partner to the Limited Partner with respect to the Project Property inaccurate, incomplete, or misleading in any material respect;
6.3.15 Neither the Partnership nor any Partner (nor any Affiliate of any Partner) has or will have direct or indirect personal liability as maker, guarantor, partner, or otherwise with respect to the payment of principal or interest or any other sum due under the Permanent Loan or Subordinate Loans except as a consequence of certain bad acts such as gross negligence and willful misconduct, which are carved-out in the non-recourse provisions of such loans. The Construction Loan is recourse as to the Partnership. As of the date of this Partnership Agreement, there are no outstanding loans or advances from the General Partner, the Special Limited Partner, nor any of their Affiliates to the Partnership and the Partnership has no unsatisfied obligations to make any payments of any kind to the General Partner, Special Limited Partner or any of their Affiliates.

6.3.16 The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership by the General Partner and the Special Limited Partner have been or will be duly authorized by all necessary corporate or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under the certificate of formation or company agreement of the General Partner, the articles of incorporation or by-laws of the Special Limited Partner or any agreement by which the General Partner or the Special Limited Partner or any of their properties are bound, nor constitute a violation of any law, administrative regulations or court decree;

6.3.17 Both the General Partner and the Special Limited Partner agree that no Partner nor any Affiliate of a Partner shall be a lender to the Partnership unless, based upon the advice of tax counsel or adviser satisfactory to the Limited Partner, such loan will not likely adversely affect or cause a material re-allocation among the Partners of Tax Credits or Profits and Losses;

6.3.18 The General Partner has no knowledge of, and has not received any notice, with respect to, any violations by the Partnership or the Project of federal or state law or municipal ordinances or orders or requirements of any governmental body or authority in whose jurisdiction the Project Property is subject, and the General Partner shall furnish to the Limited Partner, immediately but no later than ten (10) business days of receipt thereof, a copy of any notice of default (or other notice of a failure to perform) under any of the Project Documents or Loan Documents given to the Partnership or the General Partner by any of the Lenders or any other party thereto;

6.3.19 There is no default existing, pending or threatened under any provision of the Construction Loan, Permanent Loan, Subordinate Loans, the Project Documents or any other agreement to which the Partnership is a party and the General Partner shall take all requisite action to comply with the provisions of all such loans and agreements; and, if any such default is alleged, the General Partner shall notify the Limited Partner of such alleged default within five (5) days of any General Partner’s receipt of notification of the alleged default;
6.3.20 Both the General Partner and the Special Limited Partner agree that all appropriate roadway and public utilities, including, without limitation, telephone, sewer, water, electricity and, if applicable, gas are available or will be available in sufficient volume to the Project Property, and all easements required in connection therewith have been obtained and filed of public record and the General Partner and Special Limited Partner shall use their best efforts to keep all such utilities operating in a manner sufficient to service the Project Property and the Residential Units contained therein;

6.3.21 Both the General Partner and the Special Limited Partner agree that the construction of the Project Property will be completed in a timely and workmanlike manner by the Construction Completion Date and substantially in compliance with: (i) applicable requirements of the Construction Loan, Permanent Loan, any Subordinate Loans and the Project Documents; (ii) the Plans and Specifications; (iii) the Projections; (iv) the QAP (to the extent applicable); and (v) the requirements of all governmental agencies with jurisdiction over the Project Property and the development and construction thereof;

6.3.22 Both the General Partner and the Special Limited Partner agree that all building permits, environmental permits or other clearances, easements and governmental permits, licenses, and approvals required in connection with the construction, development, ownership, operation, use, and occupancy of the Project Property and all Residential Units contained therein, have been or will be timely obtained and the General Partner and the Special Limited Partner shall take all actions necessary to maintain such approvals in full force and effect;

6.3.23 No portion of the Project Property is treated as “tax-exempt use property” as defined in Section 168(h) of the Code;

6.3.24 No General Partner or Special Limited Partner is under any commitment to any real estate broker, rental agent, finder, syndicator, or other intermediary with respect to the Project or any portion thereof, except for arrangements disclosed in writing to the Limited Partner prior to the date hereof;

6.3.25 Unless the Projections indicate that the Project is treated as federally subsidized as defined in Section 42(i)(2) of the Code, none of the Project is financed with tax-exempt bond proceeds;

6.3.26 (I) The General Partner (i) is a limited liability company duly organized, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner does not and will not result in any breach or violation of, or default under, any agreements by which the General Partner is bound, or under any applicable law, administrative regulation or court decree.; and (II) The Special Limited Partner (i) is a limited liability company formed, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its
obligations hereunder, and the consummation of all transactions contemplated herein and
in the Loan Documents and the Project Documents to be performed by the Special
Limited Partner do not and will not result in any breach or violation of, or default under,
any agreements by which the Special Limited Partner is bound, or under any applicable
law, administrative regulation or court decree;

6.3.27 The General Partner and Special Limited Partner have previously
provided a true, complete, and current copy of the Partnership’s original limited
partnership agreement, together with all amendments thereto, to the Limited Partner,
which original limited partnership agreement and amendments reflect all agreements
among the Partners of the Partnership prior to its amendment hereby;

6.3.28 The execution and delivery of this Partnership Agreement and each of
the other documents and agreements described in or contemplated by this Partnership
Agreement by the General Partner and Special Limited Partner, and the performance of
the transactions contemplated herein and in each such other document have been duly
authorized by all requisite corporate actions, and will not result in the breach of or default
under any agreement, mortgage or other instrument to which any General Partner or
Special Limited Partner is a party or by which any General Partner or Special Limited
Partner is bound;

6.3.29 This Partnership Agreement is binding upon and enforceable against
the General Partner and Special Limited Partner in accordance with its terms;

6.3.30 The General Partner will not allow its sole member to transfer its
interest therein without the consent of the Limited Partner;

6.3.31 The General Partner shall not, and shall cause the Property
Management Agent not to, (i) cause or permit any waste or damage to the Project
Property (other than ordinary wear and tear), or (ii) allow any tenant to use a Residential
Unit, or, if applicable, commercial space, within the Project Property or any of the
common areas in any manner which is unlawful, hazardous, unsanitary, noxious, or
offensive or which unreasonably interferes with the use of the Project Property by the
other tenants;

6.3.32 The General Partner shall maintain the Project Property in a decent,
safe and sanitary condition;

6.3.33 The General Partner shall operate the Project Property in accordance
with, and lease the Residential Units within the Project Property in compliance with, all
applicable laws, regulations, ordinances, the Loan Documents, and the QAP (to the extent
applicable);

6.3.34 To the best of the General Partner’s and Special Limited Partner’s
knowledge, the Projections attached hereto as Appendix I are accurate, and the financial
assumptions upon which such Projections are based are true and correct in all material
respects as of the date hereof;
6.3.35 The General Partner and Special Limited Partner have determined that neither the General Partner, Special Limited Partner, Guarantor, nor any of the officers, directors, principals, employees or owners of the General Partner, Special Limited Partner, or the Guarantor is on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury pursuant to Executive Order 13224 and located on the internet at http://www.treasury.gov/eotffcresource-center/sanctions/SDN-List/Pages/default.aspx;

6.3.36 The General Partner shall, and shall cause the Property Management Agent to, operate the Project in accordance with, and lease the Residential Units in compliance with, the provisions of all federal, state and local fair housing laws prohibiting discrimination in housing on the grounds of race, color, religion, sex, familial status, national origin, or handicap, including, without limitation, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, Title VI of the Civil Rights Act of 1964 (Public Law 88-353, 78 Stat. 241), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975;

6.3.37 The General Partner shall obtain from the Property Management Agent and maintain copies of the First Year Tenant Files in a secure location under its control in accordance with requirements of Section 42 of the Code;

6.3.38 The General Partner shall deliver to the Asset Manager evidence satisfactory to the Asset Manager that the Partnership has (i) timely prepared and filed, on an annual basis if applicable, all necessary documentation for the Project to receive a 50% partial real estate tax exemption or other real estate tax relief; and (ii) received, on an annual basis if applicable, such real estate tax exemption or other real estate tax relief, within fifteen (15) days of its receipt;

6.3.39 Both the General Partner and the Special Limited Partner agree that if there are any building, multiple dwelling and/or other municipal violations filed or noted against the land on which the Project is located or the Project, including any unsafe building violation or lien as of the date hereof, such violation will be corrected upon completion of the construction substantially in accordance with the Plans and Specifications;

6.3.40 To the best of the General Partner's and Special Limited Partner's knowledge after due and diligent inquiry, the General Partner, the Special Limited Partner, the Partnership, its Property Management Agent, the Project Property, and all the Loan Documents and Project Documents are in compliance with all applicable federal, regional, state and local laws, rules, regulations, statutes, decisions, orders, judgments, directives, decrees, codes, guidelines or ordinances of any governmental or regulatory authority, court or arbitrator;

6.3.41 No event of bankruptcy has occurred with respect to the General Partner or the Special Limited Partner or any of their Affiliates;
6.3.42 The General Partner shall promptly deliver or cause to be delivered to the Limited Partner and the Special Limited Partner, for review and approval, prior to its execution or implementation, the following Project-related documents: service provider agreement, residency service plan agreement, certificate or license, Property Management Agreement, and any other agreements or documents related to the administration of health care services to residents of the Project; provided, however, if any such agreement is dated prior to the date hereof, the parties hereto agree that, to the extent required by the Limited Partner, such agreement shall be re-negotiated to the satisfaction of the Limited Partner;

6.3.43 The General Partner shall materially participate (within the meaning of Section 469(h) of the Code and the Regulations promulgated thereunder) in the development and operation of the Project Property. During the development of, and throughout the Compliance Period for the Project Property, the General Partner shall cause its sole member to maintain its federal tax-exempt status and take such other actions as are necessary under Section 42(h)(5)(c) of the Code to qualify as a "qualified nonprofit organization." The General Partner acknowledges that the Limited Partner is relying on the General Partner's participation and involvement to accomplish the development of the Project;

6.3.44 The General Partner shall cause the Partnership to enter into a Property Management Agreement with the Property Management Agent pursuant to the provisions set forth in Section 6.4.9 below and, if the Property Management Agent is an Affiliate of the General Partner or the Special Limited Partner, the General Partner shall ensure that such Property Management Agreement provides for the subordination of the Property Management Agent's Fee to the payment of Operating Deficits until such time as funds are available to pay such fees;

6.3.45 Any counseling, healthcare, housekeeping or similar supportive services ("Supportive Services") to be provided to the residents of the Project shall be performed, unless otherwise approved by the Asset Manager, in writing, under service agreements between the General Partner or residents receiving such Supportive Services and the provider of such Supportive Services. The service provider shall be a third party other than the Partnership or the General Partner. To the extent that any services are required to be provided to the tenants of the Project by any Lender or any Project Document (including, but not limited to any Supportive Services), the General Partner shall be responsible for ensuring that such services are made available by one or more service providers to the tenants and a failure to do so will be a default under Section 10.6.1 hereof to the extent that it creates a default under any Project Document. In addition, to the extent any Supportive Services are provided at the Project, the General Partner shall require the Property Management Agent to include in all residential leases for the Project a provision (to be approved by the Asset Manager prior to the provision of such services) that releases the Partnership from any liabilities or damage caused to the residents as a result of the provision of such services;

6.3.46 Both the General Partner and the Special Limited Partner agree that the Project complies with the Americans with Disabilities Act of 1990, the Fair Housing
Amendments Act of 1988, all federal, state and local laws and ordinances related to
disabled access, and all statutes, rules, regulations, and orders of governmental bodies
and regulatory agencies or orders or decrees of any court adopted or enacted with respect
thereto including, without limitation, the American with Disabilities Act Accessibility
Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted;

6.3.47 Both the General Partner and the Special Limited Partner agree that the
rents charged to the tenants of the Tax Credit Units will not exceed 30% of the applicable
income limitation as determined under Code Section 42(g)(1);

6.3.48 The Project has been designated by the allocating agency as needing
additional credits for financial feasibility and shall be treated as if it were in a difficult to
develop area as defined in Code Section 42(d)(5)(B);

6.3.49 Both the General Partner and the Special Limited Partner agree that all
requirements under Code Section 42 will have been met at the time of the Project’s
Placement in Service so that the Project’s Tax Credit Units will qualify for the Tax
Credits if leased to qualified tenants pursuant to Section 42 of the Code;

6.3.50 The land on which the Project is located is, and will be at all times,
properly zoned, and the General Partner and Special Limited Partner will not act or omit
to act in a manner that would cause such proper zoning to be terminated;

6.3.51 The General Partner shall promptly correct all building code and
Environmental Law violations, including any such violations that occur during the
construction or rehabilitation of the Project;

6.3.52 The General Partner shall and shall cause the Partnership to perform all
radon mitigation, testing, evaluation and/or remediation pursuant to and in accordance
with all appropriate federal, state, and local laws, regulations, guidelines, and
requirements;

6.3.53 The General Partner shall and shall cause the Partnership to comply
with all provisions contained in the Carryover Allocation Agreement and the application
for Tax Credits submitted to the State Housing Finance Agency as to which the State
Housing Finance Agency awarded points pursuant to its scoring or award procedures;

6.3.54 The General Partner shall and shall cause the Partnership, the General
Partner, and each Affiliate of the General Partner, to comply with the Money Laundering
Control Act, Executive Order 13224, USA Patriot Act of 2001 (Public Law 107-56), and
all federal regulations issued with respect thereto, which shall include, but not be limited
to, providing to each Project lender the names, addresses, tax identification numbers
and/or such other identification information concerning the Partnership, the General
Partner, or any Affiliate of the General Partner, as shall be necessary for each Project
lender to comply with federal law;

6.3.55 The General Partner shall cause the Accountant to prepare the
Partnership’s financial statement in accordance with GAAP and to comply with any
instructions received from the Limited Partner concerning depreciation periods to be used for real and personal property in accordance with GAAP.

6.3.56 No Foreign Drywall was used nor will it be used in the construction and/or rehabilitation of the Project;

6.3.57 The General Partner shall deliver to the Limited Partner within thirty (30) days of the date first set forth above, the Owner’s Title Insurance Policy;

6.3.58 The General Partner shall (i) cause the Partnership to pay, on or prior to any applicable due date related thereto, any and all taxes, fees, and impositions, including but not limited to, transfer taxes, stamp taxes, and other related costs or charges incurred by or to be incurred by the Partnership in connection with the Partnership’s acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property; and (ii) promptly deliver to the Limited Partner satisfactory evidence of such payments, including but not limited to, any state and/or local transfer tax declarations; provided, however, that if the acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property is exempt from any such aforementioned taxes, then the General Partner’s counsel shall deliver a letter to the Limited Partner (and its successors and/or assigns) setting forth the basis of such exemption, which shall also include a copy of any filings required to support such exemption;

6.3.59 To the extent not inconsistent with the Loan Documents and unless otherwise directed in writing by the Limited Partner, the General Partner shall promptly apply all proceeds of insurance and condemnation awards to the restoration and rebuilding of the Project, provided that such proceeds shall be applied in accordance with (i) all requirements of any applicable laws, rules, regulations, and ordinances, and (ii) plans and specifications previously approved by the Limited Partner;

6.3.60 The aggregate Projected Tax Credits applicable to the Project which are anticipated to be available to the Partnership for the Credit Period is $15,000,000; and

6.3.61 The General Partner hereby represents and warrants as follows:

(i) The General Partner shall not engage, has not engaged and does not engage, in any business other than being the General Partner of the Partnership;

(ii) The General Partner shall not enter into and has not entered into any contract or agreement with any affiliate of the General Partner, any constituent party of the General Partner, or any affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm’s length basis with third parties other than any such party;

(iii) To the extent that the General Partner and any of its Affiliates: (a) occupy any premises in the same location; (b) share the same officers and other
employees; (c) jointly contract or do business with vendors or service providers or share overhead expenses; and (d) contract or do business with vendors or service providers where the goods or services are wholly or partially for the benefit of its Affiliates, the General Partner, to the extent that the General Partner is liable for any such expenses, has and shall always allocate fairly, appropriately and nonarbitrarily any expenses and costs among and between such entities with the result that each entity bears its fair share of all such rent and expenses;

(iv) The General Partner has and shall continue to pay its debts and liabilities from its own assets as the same shall become due; provided, however, that the foregoing shall not be construed as a guaranty of the Partnership's obligations except as expressly provided in this Partnership Agreement. No Affiliate has paid any debts or liabilities on behalf of the General Partner;

(v) The General Partner has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any Affiliate;

(vi) The General Partner has and shall continue to maintain separate annual financial statements prepared in accordance with GAAP, showing its assets and liabilities separate and distinct from those of any other entity; in the event the financial statements of the General Partner are consolidated with the financial statements of any other entity, the General Partner has and shall continue to cause to be included in such consolidated financial statements: (a) a narrative description of the separate assets, liabilities, business functions, operations and existence of the General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (b) a statement that the General Partner's assets and credit are not available to satisfy the debts of such other entity or any other person;

(vii) The General Partner has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law;

(viii) The General Partner has and shall continue to (a) hold itself out as an entity separate and distinct from any other Person; (b) not identify itself or any of its Affiliates as a division or part of the other; (c) correct any known misunderstanding regarding its separate status; and (d) use separate stationery, invoices, checks, and the like bearing its own name;

(ix) The General Partner has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of the General Partner are to be addressed and mailed directly to the General Partner, though this provision shall not prohibit such mail to be delivered to the General Partner c/o any other entity;
(x) The General Partner has and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations consistent with the requirements of this Partnership Agreement;

(xi) The General Partner has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or Affiliate;

(xii) The General Partner has and shall continue to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party;

(xiii) The General Partner has not and shall not (a) assume or guaranty the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership, (b) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership (whether by operation of law or otherwise), (c) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to occur, or (d) hold the Partnership’s credit as being available to satisfy the obligations of any other Person; and

(xiv) All transactions carried out by the General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the General Partner.

Section 6.4 Specific Obligations of General Partner. The General Partner shall, on behalf of and in the name of the Partnership and in addition to any obligations placed upon it elsewhere in this Partnership Agreement, have the following specific obligations:

6.4.1 Securities Law Matters. The General Partner shall prepare and file appropriate reports for the Partnership, if any, with the Securities and Exchange Commission and state securities administrators.

6.4.2 Limited Partnership Status. The General Partner shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and (ii) take or cause the Partnership to take all reasonable steps deemed necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal and state income tax purposes.

6.4.3 Tax Matters Partner. For the purposes of Subchapter C of Chapter 63 of the Code, the General Partner shall serve as the “Tax Matters Partner” of the Partnership and, as such, has all of the rights and obligations given to a Tax Matters Partner under said Subchapter. Notwithstanding anything to the contrary contained
herein, the General Partner, in its capacity as the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or

(vi) Take any other action that would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners or otherwise have a material adverse effect on any tax matters affecting the Partnership and its Partners.

The General Partner shall keep the Limited Partner and the Special Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner and the Special Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

6.4.4 Governmental Filings. The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

6.4.5 Bank Accounts. The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership’s business. The Partnership’s funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account
having a balance in excess of the maximum insured amount, or in such other investment vehicle as shall be approved in writing by the Limited Partner. If the Partnership incurs any loss due to any Partnership funds being deposited in non-FDIC insured accounts, the General Partner and the Guarantor (pursuant to the Guaranty Agreement) shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

6.4.6 Guaranties. The General Partner shall have the following guaranty obligations.

(i) Development Completion Guaranty. The General Partner hereby absolutely and unconditionally guaranties to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics', materialmen's, and similar liens, in accordance with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Construction Loan, Permanent Loan, Subordinate Loans and this Partnership Agreement, will be equipped with all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections ("Development Completion Guaranty"). The obligations of the General Partner under the Development Completion Guaranty shall be unlimited and shall include, without limitation, the obligation to provide all funds required of the Partnership to complete construction of the Project Property and to repair any latent defects that occur within one year of completion of construction (to the extent not then available under the Construction Loan, Permanent Loan, Subordinate Loans or Capital Contributions), and further including, without limitation, funds needed for unanticipated or additional development or construction costs, on and off site escrows, taxes, insurance premiums, interest, funding of Operating Deficits, reserves, escrows, legal expenses, and accounting expenses until the Project achieves Stabilized Occupancy. The repayment of any borrowings arranged by the General Partner to fund its obligations under this Section 6.4.6(i) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(i) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner or any of its Affiliates, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(ii) Operating Deficit Guaranty.
(a) The General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve Account have been used, to fund Operating Deficits during the Operating Deficit Guaranty Period ("Operating Deficit Guaranty").

(b) The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this Section 6.4.6(ii)(b) shall be the sole obligation of the General Partner. Subject to Section 6.4.6(ii)(c) below, funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(ii)(b) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.1.2 hereof.

(c) If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) **Permanent Loan Conversion Guaranty.** If, immediately prior to the conversion of the Construction Loan to the Permanent Loan, the Right-Sized Permanent Loan Amount is less than the Permanent Loan amount that is set forth in the Projections (the difference between the two amounts being referred to herein as the "Right-Sized Payment Amount"), then the amount of the Permanent Loan shall be reduced to the Right-Sized Permanent Loan Amount and the General Partner shall be required to provide funds to the Partnership in an amount equal to the sum of (a) the Right-Sized Payment Amount plus (b) an amount equal to any penalties or premiums the Partnership is obligated to pay to the Permanent Lender due to the reduction of the Permanent Loan amount to the Right-Sized Permanent Loan Amount. Any funds provided by the General Partner in accordance with the preceding clause (b) shall be promptly paid by the Partnership to the Permanent Lender. If, however, the Partnership is prohibited from reducing the amount of the Permanent Loan pursuant to the Permanent Loan Documents, then the General Partner using its own funds shall deposit into the Operating Reserve Account an amount equal to the Right-Sized Payment Amount. Funds provided by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(iii) shall be accounted for as unsecured loans to the Partnership.
Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof.

(iv) Services Guaranty. If the Project is required to ensure the provision of services to the tenants pursuant to any Project Document and the costs of such services are not included in the Projections, the General Partner shall be responsible for ensuring that all such required services continue at no cost to the Partnership, and the General Partner shall guaranty that all such services will be provided except to the extent that the Project Documents are modified, waived or released such that some or all of the services are no longer required to be provided to the tenants of the Project.

(v) Cumulative Guaranty Obligations. The various guaranty obligations under this Section 6.4.6 are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

6.4.7 Required Reserves.

(i) Lease-up Reserve. The General Partner shall establish a lease-up reserve (the “Lease-up Reserve”) which shall be used only to fund Operating Deficits incurred by the Partnership prior to the commencement of the Operating Deficit Guaranty Period. The Lease-up Reserve shall be funded from Limited Partner’s Second Installment of Project Equity in the amount of Five Hundred Seventy-Seven Thousand Two Hundred Ninety-Seven and No/100 Dollars ($577,297), held in a separate bank account (the “Lease-up Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the beginning of the Operating Deficit Guaranty Period. The General Partner shall report on disbursements from the Lease-up Reserve in the quarterly management reports provided to the Asset Manager in accordance with Section 8.2.2. Any disbursement from the Lease-up Reserve by the General Partner for any purpose other than funding Operating Deficits prior to the Operating Deficit Guaranty Period shall constitute an Event of Default under Section 10.6.1. The obligations related to the Lease-up Reserve are in addition to, and not in place of, those of the General Partner pursuant to Sections 6.4.6(i) and 6.4.6(ii) above. If, on the date that the Partnership achieves Stabilized Occupancy there are any funds remaining in the Lease-up Reserve Account, those funds shall, subject to any required Lender consent and after being used to fund any amounts identified in Section 3.2.7(v)(A) and (B), be used to fund up to $200,000 of the incentive construction oversight fee contemplated in Section 3.2.7(v) hereof, and then the remainder shall be deposited into the Replacement Reserve Account described below, in addition to the amounts required to be deposited in the Replacement Reserve Account pursuant to Section 6.4.7(ii), below.
(ii) **Operating Reserve.** The General Partner shall establish an operating reserve (the “Operating Reserve”) to fund Operating Deficits incurred by the Partnership. The Operating Reserve shall be funded from Limited Partner’s Fifth Installment of Project Equity in the amount of Four Hundred Seventy-Seven Thousand Seven Hundred Seventy and No/100 Dollars ($477,770), held in a separate bank account (the “Operating Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the end of the Project’s Compliance Period. Throughout the Compliance Period, the General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow in accordance with Section 5.1 hereof or from sales or refinancings (prior to the distribution of Net Cash from Sales and Refinancings). Withdrawals from the Operating Reserve Account will require the prior written approval of the Asset Manager (except in the event of an emergency that has an immediate impact on the safety of the residents or structural integrity of the Project, in which case the General Partner shall, within five (5) business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Operating Reserve Account and the purpose for which such withdrawal was made). If the Operating Reserve Account is under the control of a Project lender, the General Partner shall first obtain the approval of the Asset Manager prior to obtaining the consent of the Project lender. Within thirty (30) days of receipt by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such thirty (30) day period, the withdrawal request will be deemed to be approved. Upon depletion of all of the funds in the Operating Reserve Account, any continuing shortfalls shall be funded pursuant to the Operating Deficit Guaranty described above in Section 6.4.6(ii). Notwithstanding anything to the contrary in this §6.4.6(ii), beginning in the eleventh (11th) year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to use up to twenty percent (20%) of any funds remaining in the Operating Reserve Account for each remaining year of the Compliance Period for the sole purpose of funding capital improvements and repairs to the Project, in accordance with Section 6.4.7(iii) below; provided, however, that (A) the Operating Reserve Account on the first day of the eleventh (11th) year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.15 or better for the immediate prior 24 months (during which time there had been no draws upon the Operating Reserve Account), and (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio of 1.15 or better for the remaining term of the Compliance Period. Any excess funds remaining in the Operating Reserve Account at the end of the Compliance Period shall be released from the Operating Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to Section 5.2 and
Section 11.2 hereof. Any funds in the Operating Reserve Account still remaining after the Limited Partner's exit taxes have been paid shall be distributed to the Partners in accordance with Section 5.2 and Section 11.2 hereof.

(iii) **Replacement Reserve.** The General Partner shall establish a replacement reserve (the "Replacement Reserve") to fund capital improvements and repairs to the Project. The General Partner shall fund the Replacement Reserve with proceeds from Gross Cash Receipt beginning on January 1st of the year immediately following the year in which the Project is Placed in Service. The Replacement Reserve shall be held in a separate bank account (the "Replacement Reserve Account"), controlled by the General Partner (or a Project lender, if required by such lender), and maintained throughout the Project's Compliance Period. The General Partner will be required to fund the Replacement Reserve Account on a cumulative basis, annually, in an amount equal to the greater of $300 per unit per year (to be increased annually by 3%) or such amount as required by any Project lender, from Gross Cash Receipts prior to distribution of Cash Flow. Withdrawals from the Replacement Reserve Account during any calendar year that in the aggregate exceed the lesser of Five Thousand and No/100 Dollars ($5,000.00) or ten percent (10%) of the amount of any remaining funds in the Replacement Reserve Account at such time, shall require the written approval of the General Partner and the Asset Manager. Within ten (10) business days of receipt of the request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such ten (10) business day period, the withdrawal request will be deemed to be approved. Any funds remaining in the Replacement Reserve Account at the end of the Project's Compliance Period shall, subject to any required Lender consent, be released from the Replacement Reserve Account and used by the Partnership to first pay the Limited Partner's exit taxes due upon sale or dissolution pursuant to Section 5.2 and Section 11.1 hereof. Any funds still remaining in the Replacement Reserve Account after the Limited Partner's exit taxes have been fully paid shall, subject to any required Lender consent, be distributed to the Partners in accordance with Section 5.2 hereof (in the case of a sale of the Project), or in accordance with Section 11.2 hereof (in the case of the dissolution of the Partnership). After the completion of the seventh (7th) year of the Project's Compliance Period, the Asset Manager shall have the right to require a physical assessment of the Project pursuant to which the amount required to be maintained in the Replacement Reserve Account may be increased at the reasonable discretion of the Asset Manager.

The above reserves shall be held in segregated interest bearing accounts (the Lease-up Reserve, if applicable, may be held in the same account as the Operating Reserve). Any failure to obtain any required approval of the Asset Manager or failure to provide the Asset Manager with proper notice shall constitute an Event of Default under Section 10.6 below. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership.
6.4.8 Qualified Occupancy. The General Partner shall use its best efforts to cause the Project Property to achieve Qualified Occupancy on or before the Qualified Occupancy Date.

6.4.9 Property Management. The General Partner, on behalf of the Partnership, shall enter into a Property Management Agreement with the Property Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and the Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Property Management Agent under the Property Management Agreement and shall perform all of the Partnership’s obligations as owner thereunder, subject to the following terms and conditions:

(i) Renewal or Successor Agreements. Upon the termination of such Property Management Agreement or any subsequent Property Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially from the initial Property Management Agreement in Property Management Agent obligations and owner remedies, or in any other respect, with the same Property Management Agent or another Property Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) Notice and Consultation. If the General Partner wishes to enter into a new form of management agreement or retain the services of a different Property Management Agent, it shall give the Asset Manager and the Special Limited Partner at least thirty (30) business days’ prior written notice of the proposed change, accompanied by a copy of any proposed new Property Management Agreement and a written description of the identity and qualifications of any proposed new Property Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) Asset Manager Consent. Under any circumstances, the General Partner shall not enter into a new management agreement materially different from the initial Property Management Agreement in any respect without the prior written consent of the Asset Manager as to the form and content of such new management agreement, nor shall the General Partner retain the services of a property management agent other than a property management agent previously approved by the Asset Manager without the prior written consent of the Asset Manager as to the identity and qualifications of such new property management agent, provided such consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this provision, a management agreement shall be deemed to be materially different if the agreement involves a change in the parties, services or fees to be provided to the Property Management Agent.
(iv) **Termination of Non-Performing Property Management Agent.**

If the Property Management Agent fails to perform any of its obligations under the Property Management Agreement, whether general or specific obligations, in any material respect, including without limitation, failure to capably manage the Project as measured by sustained high Project vacancies, delinquent rents, or Operating Deficits (in each case beyond levels specified in the Projections), inadequate maintenance, or failure to qualify tenants under low-income housing tax credit requirements, or repeated failure to provide or unreasonable delay in providing accurate financial or operating reports to the General Partner and the Limited Partner, the General Partner shall promptly comply with the terms of the Property Management Agreement regarding notice to the Property Management Agent and its opportunity to cure. The General Partner shall also simultaneously provide the Asset Manager and the Special Limited Partner with a copy of this notice and any documentation explaining why the Property Management Agent should not be terminated for cause. Upon expiration of the applicable cure period, and the failure of the Property Management Agent to cure its breach of the Property Management Agreement, the General Partner shall consult with the Asset Manager as to whether or not the Property Management Agent should be retained and, if so, under what terms and conditions. Unless within ten (10) business days of the delivery of this notice the Asset Manager consents in writing to the retention of the Managing Agent, the General Partner shall terminate the Property Management Agent for cause, in accordance with the terms of the Property Management Agreement. The General Partner shall also immediately enter into a new Property Management Agreement with a substitute Property Management Agent, subject to the prior written consent of the Asset Manager. For purposes of this Section 6.4.9(iv), “cause” shall include, but not be limited to, any one of the following: (a) failure to promptly and competently perform (after any applicable notice and within the applicable cure period) all duties of the Property Management Agent under the Property Management Agreement with the Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax Credits in any calendar year, (c) failure to materially comply with the record keeping, tenant qualification and rental requirements of the Extended Use Agreement and Section 42 of the Code and the Regulations, rulings, and policies related thereto, (d) material mismanagement of the Project, or (e) if the Property Management Agent is an Affiliate of the General Partner, removal of the General Partner pursuant to Section 10.6 hereof.

(v) **Removal of Non-Complying General Partner.** If the General Partner fails to comply with any of the requirements of this Section 6.4.9, it may be removed for cause pursuant to Section 10.6 hereof.

All Property Management Agreements shall contain specific provisions requiring the Property Management Agent to rent to low-income tenants at the level required to maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for tax credit purposes, to deliver
certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for low-income housing tax credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by Section 6.4.12 hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Property Management Agent is the General Partner, the Special Limited Partner, or their Affiliate, each management agreement shall provide that the property management agent’s monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

6.4.10 Cooperation with Asset Manager. The General Partner shall cooperate and shall cause the Property Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations. In the event that the Asset Manager is replaced or substituted by the Limited Partner, in its sole and absolute discretion, all rights, duties and obligations of the Asset Manager shall be assumed by and inure to the benefit of any such substitute or replacement Asset Manager upon delivery of notice by the Limited Partner to the General Partner of such replacement or substitution.

6.4.11 Rental Program. The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall (i) use its best efforts to achieve Qualified Occupancy (as defined in Article I) within the time specified in the Projections; (ii) comply with the rent schedule set forth in the Projections; (iii) cause to be kept all records of rental and occupancy throughout the Compliance Period; (iv) cause the Property Management Agent to comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a low-income housing tax credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project; and (v) take such other actions required under Section 6.4.12 below to claim all available tax benefits in connection therewith. The General Partner and the Property Management Agent shall comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a Tax Credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project.

6.4.12 Tax Benefits Requirements. The General Partner acknowledges that it is of great importance that the Tax Credits and all other tax benefits contemplated in the Projections be achieved and maintained. Accordingly, the General Partner agrees as follows:
(i) **No Delays.** The General Partner shall not cause or suffer any
delay in Placement in Service or Qualified Occupancy that would reduce such
anticipated tax benefits.

(ii) **Record-Keeping.** The General Partner shall cause to be kept all
records and cause to be made all elections and certifications, pertaining to the
number and size of apartment units, occupancy thereof by tenants, income levels
of tenants, set-aside for low-income tenants, and any other matters now or
hereafter required to qualify for and maintain the Tax Credits and any other
available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The minimum low-income set-aside
requirement specified in the Projections was elected in the application for the Tax
Credits and may not be changed.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, upon
the request of the Limited Partner or subject to the approval of the Limited
Partner, to claim such Tax Credits for each Building in the Project commencing
with the earlier of the year in which Qualified Occupancy for such Building is
achieved or the year succeeding the year in which Placement in Service occurs.
The General Partner shall develop and lease the Project within such time that the
initial year during which such Tax Credit is elected to be claimed will be no later
than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after
Qualified Occupancy has occurred and annually thereafter, prior to the times
such information is required by the State Housing Finance Agency for Tax Credit
reporting purposes, the General Partner shall:

(a) cause the Partnership’s Property Management Agent to
submit to the Partnership the certifications and all other
applicable materials related to low-income leasing described
in Section 6.4.11 hereof;

(b) check and verify the same against leases, certifications, and
other appropriate back-up materials to the extent necessary
or advisable to determine with reasonable assurance that the
low-income leasing requirements have been met for Tax
Credit purposes; and

(c) execute and deliver to the Limited Partner a certification, in
form reasonably acceptable to the Limited Partner, stating
that the General Partner has complied with the foregoing
requirements and attaching copies of the managing agent’s
certification and rent roll in a format reasonably acceptable
to the Limited Partner.
The General Partner's initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) **Cost Accounting.** As soon as feasible after Placement in Service has occurred, prior to the time such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(a) cause the Accountant to submit to the General Partner a letter, as required by the State Housing Finance Agency and in a form and content reasonably acceptable to the Limited Partner, certifying that the Accountant has examined the Partnership's books and records for the Project and, subject to any changes in facts or applicable law, is prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(b) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant's letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) **Tax Filings.** The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with Section 8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609.

(viii) **Compliance Certifications.** The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within ninety (90) days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the Compliance Period for such Tax Credit, or such other time periods as may hereafter be required by the Code or Regulations thereunder for such Tax Credit.

(ix) **Notice of Tax Benefits Reduction.** In the event at any time it becomes apparent that the tax benefits projected in the Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.
(x) **Consequences of Tax Benefits Reduction or Delay.** In the event there is a reduction or delay of tax benefits, then the provisions of Section 6.9 hereof relating to reduction in the amount of remaining installments of Limited Partner's Capital Contributions and other consequences described therein shall govern where applicable.

(xi) **Extended Use Agreement.** The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to Section 42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under Section 42 of the Code.

(xii) **Local Code Compliance.** The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to Section 42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the Architect or the project general contractor to certify upon completion of the Project that such building code and Environmental Law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner's title insurance policy indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiii) **Carryover Allocation Agreement.** The General Partner shall obtain from the State Housing Finance Agency and shall deliver to the Limited Partner within 10 days after receipt the following:

(a) a Carryover Allocation Agreement accompanied by the Accountant's Carryover Certification which states that the Partnership's basis in the Project, as of the dated required under Section 42(h)(l)(E)(ii) of the Code, was greater than ten percent (10%) of the Partnership's reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded; or

(b) a reservation of Tax Credits, provided that:
(1) the General Partner shall deliver or cause to be delivered to the Limited Partner the Accountant's Carryover Certification thirty (30) days prior to the date specified by the State Housing Finance Agency for the required Accountant's Carryover Certification to be submitted to the State Housing Finance Agency; and

(2) the General Partner shall deliver a copy of the Carryover Allocation Agreement to the Limited Partner and the Special Limited Partner within thirty (30) days from the date that such Carryover Allocation Agreement is delivered to the Partnership.

(xiv) **Depreciation Schedule.** The General Partner shall take all acts and make any necessary filings or elections to cause the Project's improvements to be depreciated for tax purposes in accordance with the Projections and shall not take any action or permit any event or circumstances to occur which would cause depreciation of the Project's improvements to be changed therefrom. The General Partners shall cause to be kept adequate records of any such filings or elections and all other matters applicable to the Partnership's depreciation of the Project's improvements.

6.4.13 **Mold Inspections.** The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any material amount of mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten (10) business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

**Section 6.5 Fees for Services Rendered.** The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

6.5.1 **Development Fee.** As provided in the Development Agreement and Section 3.2 hereof, the Partnership shall pay the Developer Fee to the Developer for the services and obligations described in the Development Agreement.

6.5.2 **Asset Management Fee.** The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, tax credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager's performance of or failure to perform its asset management services. The Asset Manager owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.
6.5.3 **Disposition Fee.** The Partnership shall pay the Asset Manager a Disposition Fee equal to $25,000 at the time of closing of the sale of the Project (out of the net sales proceeds) or the Limited Partner's interest in the Project.

6.5.4 **Incentive Partnership Management Fee.** The Partnership shall pay an Incentive Partnership Management Fee, on an annual, non-cumulative basis, in the amount and priority specified in Section 5.1.1 hereof to compensate the General Partner for monitoring the activities of the Partnership, supervising the Property Management Agent, and reporting to the Asset Manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period.

6.5.5 **Other Considerations.**

(i) The Development Agreement and any other agreements entered into by the Partnership and the General Partner, the Special Limited Partner, or any of their Affiliates thereof will specifically provide that such agreement shall be terminable, with respect to each of them, at the election of the Limited Partner if the General Partner or Special Limited Partner is removed pursuant to Section 10.6 hereof and that, from and after the delivery of notice of such removal pursuant to Section 12.1 hereof, the Partnership shall have no obligation to make any further payments to the General Partner or any Affiliate thereof for fees that would otherwise be due and payable pursuant to such agreement. As compensation to the Partnership for a default leading to removal of the General Partner, the General Partner shall be deemed to have contributed to the Partnership upon its removal as the General Partner of the Partnership the amount of any unpaid portion of the Development Fee and such amount shall be deemed paid by the Partnership to the Developer in satisfaction of the unpaid portion of the Development Fee.

(ii) None of the fee payments or reimbursements to any of the Persons indicated in Section 6.5 or elsewhere in this Agreement will be considered a distribution of Cash Flow to any Partner pursuant to Section 5.1.2, and, except as otherwise specifically provided herein, the General Partner may make any such reimbursement or fee payment prior to any distribution of any Cash Flow to the Partners.

Notwithstanding anything to the contrary herein, the sum of (A) the Incentive Partnership Management Fee, plus (B) any other incentive fees, plus (C) if the Property Management Agent is an Affiliate of the General Partner, the fee payable to the Property Management Agent pursuant to the Property Management Agreement, shall not exceed 12% of the gross income of the Partnership, adjusted for regional variations. Any amounts in excess of 12% of the gross income of the Partnership, shall be distributed to the General Partner and Special Limited Partner as a distribution rather than a fee.
Section 6.6 Outside Ventures of Partners. Any Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any General Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

Section 6.7 Dealing With Affiliates. The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

Section 6.8 Indemnification of Partnership and Limited Partner.

6.8.1 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the presence on or under the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

6.8.2 In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses (including reasonable attorneys’ fees), damages, or liabilities incurred by the Limited Partner upon demand by the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification obligations of the General Partner and Special Limited Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership’s business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this Section 6.8.2 to the Limited Partner shall include each of the Limited Partner’s assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and the Special Limited Partner and shall survive the dissolution of the Partnership and/or
the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner and Special Limited Partner. The indemnification authorized by this Section 6.8.2 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action. The parties hereto agree and acknowledge that the Limited Partner's exercise of the rights and approvals reserved to the Limited Partner under this Partnership Agreement shall not constitute participation in the control of the Partnership's business for purposes of this paragraph.

6.8.3 The General Partner shall defend, indemnify, and hold harmless the Partnership, the Limited Partner, the Special Limited Partner, and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of the General Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the General Partner, or breach of any or all of the representations, warranties, covenants, and agreements contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner, and/or the Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner's breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner's deferral of the payment of its Capital Contribution pursuant to Section 3.2. The General Partner shall defend, indemnify and hold harmless the Limited Partner and the Special Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Special Limited Partner, and the Limited Partner, has made a determination that such liability is the result of actions taken by the Limited Partner or Special Limited Partner or rights exercised by the Limited Partner or Special Limited Partner with respect to the operation of the Limited Partner or Special Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The General Partner's obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.4 The Special Limited Partner shall defend, indemnify, and hold harmless the Partnership, General Partner and Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of the Special Limited Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the Special Limited Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in §6.3 hereof. In addition to the foregoing indemnification, the Partnership, General Partner and/or the Limited Partner may pursue any other available legal or equitable remedy against the Special Limited Partner with respect to the Special Limited
Partner’s breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner’s deferral of the payment of its Capital Contribution pursuant to §3.2. The Special Limited Partner shall defend, indemnify and hold harmless the General Partner and Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and the Special Limited Partner, has made a determination that such liability is the result of actions taken by the General Partner or Limited Partner or rights exercised by the General Partner or Limited Partner with respect to the operation of the Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The Special Limited Partner’s obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.5 Subject to the extent of any amount of insurance proceeds received by the Partnership in respect of any insurance policy insuring the acts of the General Partner in its role as a general partner, the General Partner shall not be liable, responsible or accountable in damages or otherwise to any to the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of authority granted to it by this Partnership Agreement and in the best interest of the Partnership; provided, however, such insurance proceeds are applied towards and in satisfaction of any liability or obligations to the Partners for which the insurance proceeds were paid, and such acts or omission was not attributable to any negligence, willful breach, misconduct, fraud or any breach of fiduciary duty on the part of the General Partner.

6.8.6 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the use of Foreign Drywall in the construction of the Project.

Notwithstanding anything to the contrary in this Section 6.8, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

Section 6.9 Credit Adjusters.

6.9.1 Permanent Reduction in Tax Credits. If, as of the end of the first year of the Credit Period and based upon the Cost Certification prepared by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period (a “Permanent Credit Reduction”), then there will be a reduction (the “Permanent Credit Reduction Adjustment”) in the Limited Partner’s Capital Contribution in an amount equal to the product of (i) the Permanent Credit
Reduction and (ii) $1.00. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (A) the actual Applicable Percentage being less than projected; (B) the actual Eligible Basis being less than projected; (C) the actual Qualified Basis as of the end of the first year of the Credit Period being less than the projected Qualified Basis; (D) the actual final allocation of Tax Credits as indicated on Form 8609 being less than the Projected Tax Credits; or (E) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner’s Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment. In the event that any Capital Contribution installments are reduced or General Partner and Special Limited Partner payments are required to be made under this §6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the “Projected Tax Credits” and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Agreement.

6.9.2 Timing Difference in Tax Credits (Downward). If, for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, any portion of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during such Projected First Tax Credit Year and the Projected Second Tax Credit Year, but must be delayed and taken in a later year or years of the Compliance Period, then the Limited Partner shall be entitled to reduce its Capital Contribution by an amount equal to $.50 times the amount by which the Projected Tax Credits for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, respectively, exceed the Actual Tax Credits for such years (the “Timing Reduction”). This Timing Reduction is intended to compensate the Limited Partner for the reduced present value of such delayed Tax Credits, while taking into account the Tax Credits the Limited Partner may be entitled to receive no later than the 11th and 12th years of the Compliance Period. No adjustment shall be made under this Section 6.9.2 for any shortfall in Tax Credits for which an adjustment is already made pursuant to Section 6.9.1. In the event that there are no remaining Limited Partner Capital Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing Reduction against the remaining Limited
Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Timing Reduction, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s Tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Timing Reduction. In the event that a Timing Reduction is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.3 Ongoing Tax Credit Shortfall. If, for any Fiscal Year after the Projected First Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are less than the Projected Tax Credits (as adjusted in any revised Projections prepared pursuant to Section 6.9.1 or Section 6.9.2) for such Fiscal Year or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner’s Partnership Interest) all or any part of the Tax Credits claimed by it in any prior Fiscal Year of the Partnership (the “Credit Shortfall”), then, at the option of the Limited Partner, the Limited Partner’s Capital Contributions shall be reduced in chronological order in an amount (the “Credit Reduction Payment”) equal to the sum of (i) One Dollar ($1.00) times the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections prepared in connection with Section 6.9.1 or Section 6.9.2) for the Fiscal Year and all subsequent Fiscal Years, and (B) the Actual Tax Credits for such Fiscal Year and the Tax Credits projected by the Accountant as being available to the Limited Partner for all subsequent Fiscal Years, and (ii) the amount of the Tax Credits recaptured in such Fiscal Year, plus the amount of any interest or penalty payable by the Limited Partner as a result of the recapture. In the event there are no remaining Capital Contributions or the Credit Reduction Payment exceeds the amount of remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Credit Reduction Payment against the remaining Limited Partner Capital Contribution payments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be immediately distributed to the Limited Partner and shall neither constitute nor be limited by the distribution limits for Cash Flow, pursuant to Section 5.1, hereof, or for Net Cash from Sales and Refinancings, pursuant to Section 5.2, hereof. In the event that a Credit Shortfall is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.4 Permanent Increase in Tax Credits. If it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be greater than the Projected Tax Credits over the Credit Period (such difference being defined herein as the “Permanent Credit Increase”) and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Permanent Credit Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Permanent Credit Increase, and (ii) $1.00, subject to the limitations described in Section 6.9.6.
6.9.5 **Increase in First and/or Second Year Tax Credits.** If it is determined that the amount of Actual Tax Credits for the period prior to the end of the Projected First Tax Credit Year and Projected Second Tax Credit Year will be greater than the Projected Tax Credits for the period prior to the end of the Projected First Tax Credit Year and Projected Second Tax Credit Year, respectively (such difference being defined herein as the “Projected First and Second Tax Credit Year Increase”), and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Projected First and Second Tax Credit Year Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Projected First and Second Tax Credit Year Increase, and (ii) $.50. Such increase will be subject to limitations described in Section 6.9.6.

6.9.6 **Limitation on Upward Adjuster.** Notwithstanding anything to the contrary contained herein, the Limited Partner will increase its Capital Contribution only once during the 90 day period following the later of (a) achievement of Stabilized Occupancy or (b) the allocating agency’s issuance of the Form 8609 for all Buildings. The Limited Partner will increase its Capital Contribution under Sections 6.9.4 and 6.9.5 only if the Limited Partner, in the exercise of its sole discretion, determines that it has sufficient funds to make the additional Capital Contribution. In no event shall the increase in the Limited Partner’s Capital Contribution pursuant to Sections 6.9.4 and 6.9.5 exceed, in the aggregate, five percent (5%) of the Limited Partner’s Capital Contribution as set forth in the Projections in effect on the date of this Partnership Agreement (i.e., no subsequent increases in the Limited Partner’s Capital Contribution shall be taken into account for purposes of calculating the five percent (5%) limitation).

6.9.7 **Repurchase.** Notwithstanding anything contained herein to the contrary, in the event that (i) any Building does not generate any Tax Credits during the taxable year succeeding the taxable year in which such Building is placed in service or the Project Property does not generate any Tax Credits during calendar year 2015 for any reason whatsoever, (ii) Construction Completion and Placement in Service of all Buildings are not achieved, or in the reasonable judgment of the Limited Partner, based on all of the relevant facts and circumstances, will not be achieved on or before the Construction Completion Date (which in no event shall exceed the end of the second year after the year in which the Project receives a Tax Credit allocation pursuant to Section 42(h)(1)(E) of the Code or by the date required by any Lender or State Agency), (iii) the Partnership fails to comply with any other requirements of Section 42 of the Code and such failure is not cured within any cure period provided by the State Housing Finance Agency, including the minimum set-aside test and/or the rent restriction test (as described in Section 42(g) of the Code) before the end of the year in which the Building is placed in service or, at the election of the General Partner pursuant to Section 42(f)(i)(B) (which election shall be made in accordance with Section 6.4.12(iv) hereof), the end of the succeeding taxable year, or any requirements set forth in the Regulatory Agreement, (iv) Stabilized Occupancy does not occur within six (6) months of the Projected Stabilized Occupancy Date, (v) unless the Project is financed with tax-exempt bonds, the Partnership’s basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a carryover allocation of Tax
Credits, was not 10% of the Partnership's reasonably expected basis in the Project Property, as required pursuant to Section 42(h)(1)(E) of the Code, (vi) proceedings have been commenced, filed or initiated to foreclose the Construction Loan mortgage or permanently enjoin construction or rehabilitation of the Project and such proceedings have not been stayed or vacated within thirty (30) days of commencement, filing or initiation, (vii) [reserved], (viii) the General Partner fails to deliver to the Asset Manager a Form 8609 for each Building in the Project on or before the date by which the General Partner is required to deliver to the Asset Manager the Tax Return Documents for the first year of the Credit Period pursuant to Section 8.4.3, (ix) any portion of the Project was constructed using Foreign Drywall, (x) any one of the following occurs with regard to the Permanent Loan: (a) the Permanent Loan commitment has been terminated or substantially modified (unless the commitment is replaced with a commitment of equivalent terms as determined by the Limited Partner in its reasonable judgment), (b) any interest rate lock applicable to the Permanent Loan has expired and not been replaced within thirty (30) days by a new rate lock acceptable to the Limited Partner or (c) the Permanent Loan has not been fully funded on or before the maturity date of the Construction Loan (including any extensions of maturity), or (xi) the Partnership fails to deliver 70% of the Projected Tax Credits to the Limited Partner with respect to the first twelve (12) taxable months of the Credit Period, then, in the event any of the conditions described in clauses (i) through (x) above occurs, upon the written notice of the Limited Partner, the General Partner and the Special Limited Partner shall purchase the Limited Partner's entire interest in the Partnership for an amount equal to (a) the sum of (1) all Capital Contributions actually made to the Partnership by the Limited Partner, plus (2) $50,000, plus (3) all expenses incurred by the Limited Partner in connection with entering into the Partnership (not including any funds reimbursed), minus (b) an amount equal to the purchase price paid by the Limited Partner for any Tax Credits already received by the Limited Partner, net of any amounts that the Limited Partner has paid or will have to pay as the result of any recapture of any portion of the Tax Credits that the Limited Partner has received, and (c) any amounts that have already been reimbursed to the Limited Partner by the Partnership and/or the General Partner and Special Limited Partner (the "Repurchase Amount"). Notwithstanding anything to the contrary in this Partnership Agreement, the Limited Partner may, in its sole discretion and at any time following any of the events described in this Section 6.9.77, after any applicable notice and cure period and regardless of whether the Repurchase Amount or any portion thereof has been received by the Limited Partner at such time, withdraw from the Partnership as the Limited Partner. Upon receipt of this amount, the Limited Partner's interest as a limited partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner and Special Limited Partner or their designee(s), and the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

6.9.8 Failure to Pay; Remedies. If the General Partner or Special Limited Partner fail to pay any amount payable pursuant to Section 6.9.1, 6.9.2 or 6.9.3 above, or the Repurchase Amount pursuant to the preceding section owing to the Limited Partner within ten (10) days after written demand by the Limited Partner (with a copy to the Special Limited Partner), then, in addition to any other rights the Limited Partner may
have, any sums payable to the General Partner or Special Limited Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or Special Limited Partner or their Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this Section 6.9 are fully repaid. For purposes of this Partnership Agreement, any sums distributed to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner or Special Limited Partner (or their Affiliates) and subsequently loaned by the General Partner or Special Limited Partner to the Partnership, followed by a distribution to the Limited Partner from the Partnership of such loan proceeds in satisfaction of the General Partner’s and Special Limited Partner’s obligations hereunder. Any such deemed loan by the General Partner or Special Limited Partner to the Partnership shall bear no interest and shall be reimbursable to the General Partner or Special Limited Partner out of Cash Flow in accordance with the priority set forth in Section 5.1.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2.1 hereof. The rights and remedies granted to the Limited Partner by this Section 6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner and Special Limited Partner under this Section 6.9 are deemed to have arisen as a consequence of a transaction between the General Partner, Special Limited Partner and the Limited Partner other than in their capacities as Partners and the Capital Accounts or loans of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

6.9.9 Survival. The obligations of the General Partner, Special Limited Partner, and their Affiliates prescribed or described in this Section 6.9 will survive the termination and/or liquidation of the Partnership.

6.9.10 Joint and Several. Notwithstanding anything to the contrary in this Section 6.9, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

Section 6.10 Publicity and Promotional Events. The General Partner shall be obligated to notify the Asset Manager at least fifteen (15) days in advance of any (i) groundbreaking, (ii) open house, (iii) public relations event or other similar activities related to the Project. Representatives of the Limited Partner (including any beneficial owners thereof), the Special Limited Partner, the Asset Manager, and any investors who have provided funds that have been invested in the Project by the Limited Partner (collectively, the “Publicity Parties”) shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. Any costs related thereto shall be paid by the Partnership. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs. The General Partner acknowledges that it will benefit from any publicity generated by the Publicity Parties with respect to the Project. In consideration thereof, the Partnership hereby consents, grants, and releases to the Publicity Parties all rights related to the use of the Project, including, but not limited to, the use of the
name of the Project, any photographs of the Project, and any written materials related to the Project, in any commercial, promotional or marketing materials such as press releases, publications, and publicity events that any of the Publicity Parties may wish to issue or conduct.

Section 6.11 Co-General Partners. If there is more than one General Partner, or if the General Partner is a joint venture or partnership in which there is more than one general partner, then all general partners of the partnership or of such joint venture of partnership shall be jointly and severally liable to the Partnership, to the Limited Partner, and to its successors and assigns for all obligations of the General Partner, and for any damages that may arise from the acts or omissions of any of such general partners in their performance or breach of the guaranties, management, and all other obligations and the representations and warranties of the General Partner, whether now existing or hereafter created, under this Partnership Agreement as the same may from time to time be amended and under applicable law. Notwithstanding anything to the contrary herein, no General Partner shall be liable to the Partnership or to the Limited Partner for the fraud of any other General Partner.

Section 6.12 Representation of General Partner, Special Limited Partner and Limited Partner. The General Partner, Special Limited Partner and Limited Partner acknowledge and represent that the State Housing Finance Agency (the "Commission") (i) has neither underwritten the Project nor (ii) certified that any of the buildings will actually meet the requirements necessary to qualify for the Tax Credit, (iii) the Commission has not performed any independent investigation as to the qualification of the buildings in the Project for the Tax Credit and will not perform such investigation or otherwise monitor the buildings or eligibility for the Tax Credit in the future except as required by law, (iv) the Commission makes no representation concerning the applicability of the Tax Credit to the buildings in the Project or the ability of any owner or investor in the Project to utilize such Tax Credit, (v) the Commission has not performed any review nor makes any representations of the commercial viability of the Project, (vi) the Partnership is not the agent of the State Housing Finance Agency and has no authority to act on behalf of, or bind the State Housing Finance Agency, including its officers, employees and representatives, (vii) the State Housing Finance Agency bears no liability to any owner, investor, tenant, lender, or any other person or entity for any claim arising out of the Project or the Tax Credit program, and (viii) the Partnership has consulted with its tax counsel to determine whether the Project qualifies for Tax Credits; whether the General Partner, Special Limited Partner and Limited Partner may utilize the Tax Credit, if any; and the commercial viability of the Project.
ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER

Section 7.1 Limitation of Liability. Except as otherwise required under the Act (relating to a limited partner’s liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner and the Special Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such limited partner’s agreed upon Capital Contribution.

Section 7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, neither the Limited Partner nor the Special Limited Partner shall participate in the operation, management, or control of the Partnership’s business, transact any business in the Partnership’s name, or have any power to sign documents for or otherwise bind the Partnership.
ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS

Section 8.1 Books of Account. The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. The fiscal year of the Partnership shall be the calendar year, unless otherwise specified in writing by the Limited Partner, and all Partnership accounts shall be maintained on an accrual basis. Decisions as to other accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project's Compliance Period or any longer period required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least six (6) years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Property Management Agent to cooperate fully and in good faith, with the Asset Manager, the Special Limited Partner, and the Limited Partner with respect to their monitoring of the Partnership's operation of the Project Property, including the review of and compliance with Tax Credit related laws and regulations.

Section 8.2 Management Reports. The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within twenty (20) days (unless otherwise stated below) after such report is filed with any such governmental agency, a Lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager and the Special Limited Partner the following reports:

8.2.1 Monthly Development Reports. During the Project development period and through completion of lease-up of the Project, within ten (10) days after the end of each month, the General Partner shall provide a monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner or the Special Limited Partner may reasonably request.
8.2.2 Quarterly Management Reports. Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than fifteen (15) days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager or the Special Limited Partner may request.

8.2.3 Annual Budget. Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner and Special Limited Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis prepared by the General Partner and Special Limited Partner in a form satisfactory to the Asset Manager of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner and Special Limited Partner.

(ii) The Asset Manager shall submit to the General Partner and Special Limited Partner, in writing, any comments on the proposed budget within thirty (30) days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner and Special Limited Partner shall have fifteen (15) days to submit a response, in writing, to the Asset Manager's comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner's and Special Limited Partner's comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner's and Special Limited Partner's comments within fifteen (15) days after receipt of same, the General Partner and Special Limited Partner shall submit a revised proposed budget within fifteen (15) days after receipt of the Asset Manager's comments, responding to same.
8.2.4 **Annual Real Property Tax-Exemption.** To the extent the Partnership is expected to receive, on an annual basis, a fifty percent (50%) partial exemption from real property taxes in respect of the Project, the General Partner shall, no later than the applicable due date of each calendar year throughout the term of the Compliance Period, prepare and submit to the appropriate agency or authority and the Asset Manager, such documents as may be required to permit the Partnership to receive the partial exemption from real property taxes. The Partnership will reimburse the General Partner for any reasonable costs associated with such compliance, including but not limited to the cost of financial audit with respect to the General Partner.

8.2.5 **Evidence of Insurance.** The General Partner shall deliver to the Limited Partner, at least thirty (30) days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of its renewal.

8.2.6 **Other Information.** Upon request from time to time, the General Partner and Special Limited Partner shall provide such information and reports as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

8.2.7 **Annual Certification of Compliance.** The General Partner and the Special Limited Partner shall deliver to the Asset Manager, within five (5) days after submission, a copy of the Project’s annual certification of compliance that was submitted to the State Housing Finance Agency.

**Section 8.3 General Disclosure.**

8.3.1 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events or receipt of the following information as quickly as possible but no later than five (5) days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Project’s hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency with respect to the Partnership or the Project, together with a copy of any such notice;
(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (a) the extent of the damage to the Project, (b) any expected delays in construction or rehabilitation, (c) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (d) the amount that is anticipated to be recoverable under available insurance policies.

8.3.2 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events with ten (10) days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserves was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

Section 8.4 Tax Information.

8.4.1 Tax Credit Eligible Basis. Within forty-five (45) days after substantial completion of the Project’s construction, a Tax Credit Eligible Basis worksheet for each Building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

8.4.2 Financial Reports.

(i) The General Partner shall, within fifteen (15) days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited financial statements, prepared in accordance with GAAP, for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner (a) on or before February 15 of the following calendar year, a draft of the audited financial statements prepared by the Accountant in accordance with GAAP for review and comment by the Asset Manager, and (b) on or before February 28 of the following calendar year (the “Submission Date”), a written report prepared by the Accountant, which shall include a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements, prepared in accordance with GAAP, certified by the Accountant, and reflecting the comments received from the Asset Manager to the draft documents (the “Report”). The Report’s audited financial statement shall include the following: a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial summary which reconciles and summarizes the financial statements and bank statements as
of the end of such year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners' capital; the status, amount, and timing of the Projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or the Accountant to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes. If the General Partner fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date, the General Partner shall be assessed a penalty of $100 per day pursuant to Section 8.6 below. Without limiting the right of the Limited Partner under Section 8.6.3 below, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if the Accountant fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date.

(ii) In addition to the requirements set forth in Section 8.4.2(i) above, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, (a) on or before December 31st of the year the Project achieves Placement in Service, an "interim" audited financial statement, prepared in accordance with GAAP, which shall reflect the financial status of the Project as of September 30th of that year, and (b) at any time after the first calendar quarter of each year within thirty (30) days after notice from the Asset Manager, (1) unaudited or, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, of the General Partner for the prior calendar year, (2) tax returns of the General Partner and Guarantor for the preceding calendar year and (3) such other financial information documenting the current financial condition of the General Partner and Guarantor as the Asset Manager may reasonably require.

(iii) At the request of the Asset Manager, the General Partner shall submit or cause to be submitted to the Asset Manager within (a) fifteen (15) days after each calendar quarter, unaudited financial statements, prepared in accordance with GAAP, for the Guarantor(s); and (b) forty-five (45) days after each calendar year, unaudited financial statements or, in the event that such unaudited financial statements are incomplete for the purposes of the Asset Manager prior to the end of the Operating Deficit Guaranty Period, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, for the Guarantor(s), until such time as all of the General Partner Obligations (as defined in the Guaranty Agreement) have been fully performed or paid.

8.4.3 Tax Returns. With respect to each taxable year of the Partnership, the General Partner shall (i) deliver to the Asset Manager and the Special Limited Partner, for review and approval, within thirty (30) days after each taxable year ends, drafts of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules, materials
required in connection therewith (the “Tax Return Documents”), and (ii) cause to be prepared and filed with the appropriate agencies within sixty (60) days after each taxable year ends, the Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Within such sixty (60) day period, the General Partner shall deliver a copy of the filed Tax Return Documents to the Asset Manager. In addition, the General Partner shall comply with all requirements of Section 6.3.2 hereof with respect to anticipated Tax Credits and other tax benefits and shall deliver to the Asset Manager a copy of the Section 168 Tax Return concurrently with the filing of the original with the IRS.

8.4.4 Tax Returns Due to Termination. If, pursuant to Section 9.1 below, there are subsequent transfers of Limited Partner’s beneficial interests or partnership interests which cause a termination of the Partnership pursuant to Section 708(b) of the Code (“Termination”), the General Partner shall (i) deliver to the Asset Manager, for its review and approval, within thirty (30) days after receipt of written notice from the Limited Partner of such Termination, a draft of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules or materials required in connection therewith (the “Termination Tax Return Documents”), and (ii) cause to be prepared and filed with the appropriate agencies within the time period prescribed under the Code, the Termination Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Any costs associated with the General Partner’s satisfaction of this Section 8.4.4 shall be paid in accordance with Section 9.1 below.

8.4.5 Estimated Tax Credits. Prior to October 15th of each year, the General Partner shall send to the Asset Manager and the Special Limited Partner an estimate of the Limited Partner’s and the Special Limited Partner’s share of Tax Credits by each Building of the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal income tax purposes in a form specified by the Limited Partners. The General Partner and the Accountant shall prepare this estimate.

Section 8.5 Review of Compliance.

8.5.1 The General Partner shall, seventy-five (75) days after the end of each Fiscal Year of the Partnership, certify to the Asset Manager and the Special Limited Partner in the same scope and manner that it is required to certify, if requested, to the applicable State Housing Finance Agency, that the Partnership is in compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. Upon initial lease-up of the Project and thereafter no more frequently than annually, the Limited Partner may, at the Partnership’s expense, conduct or cause to be conducted an audit or review (which may include an on-site inspection of the Project) of the Partnership’s compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. This audit or review will be conducted not less than thirty (30) nor more than ninety (90) days following a written request by the Limited Partner for such audit or review. The General Partner shall cooperate with any such audit by making appropriate personnel of the General Partner
and the Property Management Agent and all books and records (including, without limitation, copies of initial tenant files, any IRS Forms 8823 issued to the Partnership, and other applicable related documents and reports) of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

8.5.2 The General Partner shall, within thirty (30) days following achievement of Qualified Occupancy, deliver to the Asset Manager one or more discs containing scanned copies of the First Year Tenant Files.

8.5.3 The General Partner shall provide access to the Project at all reasonable times and upon reasonable advance notice and shall extend full cooperation to the Asset Manager or the Special Limited Partner in connection with such physical inspections of the Project and any records as the Asset Manager or the Special Limited Partner may wish to conduct in order to monitor the General Partner's performance of its obligations under this Partnership Agreement.

Section 8.6 Failure to Provide Information.

8.6.1 Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a $100 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (i) waived by the Limited Partner, or (ii) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner.

8.6.2 If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to Section 5.1 or Section 5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

8.6.3 Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if any of the above applicable reporting requirements are not met. The failure on the part of the General Partner to remove the Accountant and replace it with an accounting firm that is acceptable to the Limited Partner within thirty (30) days of a written request to do so from the Limited Partner shall be an Event of Default under Section 10.6.1 hereof.

8.6.4 If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner and the Special Limited Partner under Article 8, such delay shall constitute an Event of Default under Section 10.6.1 hereof.
ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS

Section 9.1 Voluntary Transfers. A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interest, so long as such Voluntary Transfer complies with the following conditions: (i) the General Partner has received a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of and agreement to be bound by all of the terms and conditions of this Partnership Agreement; (ii) all requirements of applicable state and federal securities laws, if any, have been complied with; (iii) such Voluntary Transfer will not result in the Partnership's loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interest; (iv) such Voluntary Transfer will not result in the Partnership being classified as an "association" which is taxable as a corporation for federal income tax purposes; and (v) the General Partner has received evidence of any applicable consents required for such transfer. Upon compliance with all of the conditions of this Section 9.1, such Voluntary Transfer of a Limited Partner's Partnership Interest binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination (other than tax termination) of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interest. If any transfer of a Limited Partner's Partnership Interest, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

9.1.1 The Limited Partner intends to either (i) hold only bare legal title to its Partnership Interest and will ultimately transfer beneficial interests in its Partnership Interest to one or more Persons, or (ii) ultimately transfer its Partnership Interest to an investment fund managed by an Affiliate of the Limited Partner, and in either case, the Limited Partner or such Persons or investment fund may also transfer such beneficial interests or Partnership Interest, or, as security for debt, assign or pledge all or portions of such Partnership Interest. Notwithstanding the provisions of Section 9.1, the General Partner hereby acknowledges and consents to any such transfers, assignments or pledges, and agrees that, upon any such transfer or any foreclosure or other enforcement under any such assignment or pledge, it will recognize the assignee of the (a) beneficial interests as the owner of such beneficial interests in the Partnership Interest, or (b) Partnership Interest as the Substituted Limited Partner.

9.1.2 The Limited Partner or its transferee shall reimburse the Partnership for any reasonable costs actually incurred by the Partnership as a result of a transfer pursuant to this Section 9.1.

Section 9.2 General Partner's Consent to Substitution as a Limited Partner.

9.2.1 In addition to the requirements set forth in Section 9.1, an Assignee of a Limited Partner's Partnership Interest in connection with a Voluntary Transfer, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld and is hereby granted for the transfers, assignments and
pledges described in Section 9.1.1; provided that no such consent shall be required for the 
(i) substitution of an Assignee that is an Affiliate of the Limited Partner, or (ii) any 
transfer by the Limited Partner of its Partnership Interest after its Capital Contributions 
have been paid in full. The General Partner shall duly file for record any required 
amendment to the Certificate of Formation reflecting such substitution in such public 
offices as shall be required under the Act. The effective date of the substitution of the 
Assignee as a Substituted Limited Partner shall be the date on which the General Partner 
provides its consent if required or the date of the assignment to such Affiliated Assignee, 
as the case may be.

9.2.2 If the General Partner’s consent is required but the General Partner 
does not consent to the substitution of a Limited Partner’s Partnership 
Interest in connection with a Voluntary Transfer, then the transferor Limited Partner 
retains all the rights of a transferor of a limited partnership interest under the Act and, 
except as otherwise provided in Section 9.4, the Assignee shall not be treated as owning 
any interest in the Partnership. In particular, an Assignee of a Limited Partner’s 
Partnership Interest in connection with a Voluntary Transfer, other than an assignee of a 
beneficial interest, who is not admitted as a Substituted Limited Partner under this 
Section 9.2 shall not be entitled to: (i) require any accounting of the Partnership’s 
transactions; (ii) inspect the Partnership’s books and records; (iii) require any information 
from the Partnership; or (iv) exercise any privilege or right of a Limited Partner that is 
not specifically granted to a nonsubstituted transferee of a limited partnership interest 
under the Act.

Section 9.3 Involuntary Transfers. The Involuntary Transfer of all or any part of 
any Limited Partner’s Partnership Interest will not cause the dissolution and termination of the 
Partnership, but rather the business of the Partnership is continued without interruption in 
accordance with the provisions of this Section 9.3. Upon an Involuntary Transfer of all or any 
part of any Limited Partner’s Partnership Interest, such Limited Partner’s successor or legal 
representative shall automatically be deemed to be a Substituted Limited Partner.

Section 9.4 Distributions and Allocations with Respect to Transferred 
Partnership Interests. Upon any transfer (whether a Voluntary Transfer or Involuntary 
Transfer recognized by the Partnership or other transfer) of the Limited Partner’s Partnership 
Interest under this Article 9, all allocations of Profits and Losses attributable to the transferred 
Partnership Interest shall be divided and allocated between the transferor and the transferee by 
taking into account their varying interests during such fiscal period, using any convention or 
method of allocation selected by the General Partner which is then permitted under Section 706 
of the Code and the Regulations promulgated thereunder. All distributions of Cash Flow made 
prior to the effective date of any such transfer shall be made to the transferor and any such 
distributions made after the effective date of such transfer shall be made to the transferee.

Section 9.5 Disposition of Project. Subject to the restrictions and rights reserved in 
the Extended Use Agreement or to the General Partner below, the General Partner may cause 
the sale of all or any portion of the assets or business of the Partnership for their fair market 
value upon such terms as it shall determine in the exercise of reasonable discretion and prudent 
business judgment. If causing the sale of all or any portion of the assets or business of the
Partnership, the General Partner will use best efforts to cause the Project to be sold or exercise any right it may have hereunder to purchase the Limited Partner’s Interest or the Project within a reasonable time after the expiration of the Compliance Period. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in Section 5.2 or Section 11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this Section 9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with Section 5.2 or Section 11.2 hereof, as applicable. Except as specifically provided below, the General Partner (with the consent of the Special Limited Partner) shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing:

The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last twelve (12) months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner and the Special Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in Section 9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. However, if such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, the General Partner shall, commencing upon the expiration of the Purchase Option and Right of First Refusal promptly begin advertising the Project for sale and entertaining third-party purchase offers, as described above. Notwithstanding the foregoing, any disposition of the Project shall be conducted in accordance with the Extended Use Agreement and the rules of the State Housing Finance Agency.

Section 9.6 Purchase Option and Right of First Refusal. The provisions of Section 9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and Grantee, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to the Special Limited Partner and Grantee an option to purchase the Project or the Limited Partner’s Partnership Interest and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner and the Special Limited Partner, as applicable, remain in good standing without the occurrence of any event described in Section 10.6 hereof, in the form attached hereto as Exhibit A.

Section 9.7 Warehouse Lender. Notwithstanding the foregoing provisions of this Article or any other provision of this Agreement:
9.7.1 The General Partner acknowledges and consents to (i) the Limited Partner’s pledge and collateral assignment of its Partnership Interest (the “LP Pledge”) to the Warehouse Lender;

9.7.2 The Warehouse Lender shall have the rights of a secured party to retain, sell or transfer the Partnership Interest so pledged in accordance with the LP Pledge, including, without limitation, the right to transfer or assign its rights hereunder and under the LP Pledge without the consent of the Partnership, any Partner or any other Person, subject only to Section 9.7.6;

9.7.3 Upon the enforcement of the LP Pledge and the foreclosure upon the Partnership Interest pledged thereunder, the Warehouse Lender (or its nominee or transferee) shall be immediately, automatically and unconditionally admitted as a Substituted Limited Partner, subject only to Section 9.7.6;

9.7.4 Neither the Partnership nor any Partner shall cause the Partnership Interest to be or become, a “security”, “investment property” or held in a “securities account” (within the meaning of Articles 8 and 9 of the Uniform Commercial Code of the State (the “UCC”)) and the Partnership Interest will be, and will remain, “general intangibles” within the meaning of Article 9 of the UCC, and any action by the Partnership or any Partner to cause any of the Partnership Interest to be deemed to be or to be treated other than as general intangibles within the meanings of Article 9 of the UCC shall be void and of no effect;

9.7.5 The Partnership and the Partners agree (i) to notify the Warehouse Lender in writing at the applicable addresses provided in the definition of “Warehouse Lender” of any default by the Limited Partner of any of its obligations hereunder, (ii) to refrain from exercising any rights or remedies as a result of such default (whether hereunder or otherwise at law or in equity) until the Warehouse Lender has received such notice and has been given 60 days to cure such default, and (iii) that the Warehouse Lender can cure such default by paying only those portions of the Limited Partner’s Capital Contribution for which the conditions to payment set forth in Section 3.2 have then been satisfied;

9.7.6 The Warehouse Lender’s rights hereunder are subject to compliance with all HUD requirements regarding transfer of physical assets and submission and approval of a HUD Prior Participation Certificate, and/or obtaining the State Housing Finance Agency’s written consent if required; and

9.7.7 So long as the Limited Partner’s Partnership Interest continues to be “Pledged Collateral” under the LP Pledge, any amendment to (i) this section, (ii) any other provision herein which would materially affect the Warehouse Lender’s rights and priorities under the LP Pledge, or (iii) the identity of the Asset Manager, the Asset Management Fee, the Disposition Fee or any other fee payable to the Asset Manager, or the terms of payment thereof, shall require the prior written consent of the Warehouse Lender.
9.7.8 The Warehouse Lender is an intended third party beneficiary of this Section 9.7.

Section 9.8 Voluntary Withdrawal. Notwithstanding anything in this Article 9 to the contrary, the Limited Partner shall have the right to withdraw from the Partnership without the General Partner’s consent at any time after the Limited Partner has paid in full its Capital Contributions. The Limited Partner shall provide the General Partner with ten (10) days’ prior written notice of the effective date of such withdrawal. At the Limited Partner’s request, the General Partner shall cooperate with the Limited Partner by taking such actions as the Limited Partner determines are necessary or advisable in order to effectuate such withdrawal.

Section 9.9 Put Right. Commencing on the expiration date of the Compliance Period, the Limited Partner shall have the right to require the General Partner to purchase the Limited Partner’s Partnership Interest (the “Put Right”) for a purchase price of One Thousand and No/100 Dollars ($1,000.00) (the “Purchase Price”). The Put Right may be exercised by the Limited Partner by giving written notice to the General Partner at any time on or after the date that is thirty (30) days prior to the expiration of the Compliance Period. In the event that the Limited Partner exercises its Put Right pursuant to this Section 9.9, the Purchase Price shall be paid to the Limited Partner in cash or immediately available funds, unless otherwise mutually agreed, at a closing to occur on the first business day following the date that is thirty (30) days after the Limited Partner has given notice to the General Partner of the exercise of the Put Right. All costs of the purchase of the Limited Partner’s Partnership Interest shall be paid by the General Partner. Upon receipt of the Purchase Price, the Limited Partner shall transfer the Partnership Interest free and clear of any liens, charges, encumbrances or interests of any third party and shall execute or cause to be executed any documents required to fully transfer such Partnership Interest. As of the effective date of such closing, the Limited Partner shall have no further interest in the Partnership.
ARTICLE 10: TRANSFER OF GENERAL PARTNER'S PARTNERSHIP INTERESTS

Section 10.1 Voluntary Transfers.

10.1.1 The Partnership shall not recognize any Voluntary Transfer of a General Partner's Partnership Interest and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (i) the proposed transfer is of all the Partnership Interest owned by such General Partner; (ii) the Limited Partner and the Special Limited Partner have each received a copy of written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (iii) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (iv) such Voluntary Transfer will not result in the termination of the Partnership for federal income tax purposes; (v) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; (vi) the Partnership receives an opinion of legal counsel to the effect of clause (v); (vii) such Voluntary Transfer will not result in the loss of the ad valorem tax exemption granted to the Project (i.e. the substitute general partner must qualify for the exemption); and (viii) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

10.1.2 Upon compliance with this Section 10.1, such transfer of a General Partner's Partnership Interest shall bind the Partnership and all the Limited Partners and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this Section 10.1, the transferee of a General Partner's Partnership Interest shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

Section 10.2 Involuntary Transfers. An Involuntary Transfer of a General Partner’s Partnership Interest at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within thirty (30) days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership’s affairs and business wound up and terminated pursuant to Article 11. An Involuntary Transfer of a General Partner’s Partnership Interest when there is no other General Partner in existence shall dissolve the Partnership and the Partnership’s affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of Section 10.3.
Section 10.3 Continuation of Partnership After Involuntary Transfer of General Partner's Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner's Partnership Interest, the Partnership will dissolve and the affairs and business of the Partnership will be wound up and terminated under Article 11, unless within ninety (90) days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities that are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership's existence set forth in this Partnership Agreement; and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) $100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

Section 10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner's Partnership Interest is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interest are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under Section 706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.4.

Section 10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership without the prior written consent of the Limited Partner.

Section 10.6 Removal of General Partner and/or Special Limited Partner. The Limited Partner may remove the General Partner and/or Special Limited Partner for any of the following Events of Default in this Section 10.6.1, as applicable; provided, however, either Partner may be removed only as to its own default and not as to the default of the other Partner:

10.6.1 Events of Default.

(i) Any fraud, gross negligence, malfeasance or intentional misconduct of the General Partner or Special Limited Partner; or

(ii) Any act by the General Partner or Special Limited Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner or Special Limited Partner of any fiduciary duty to the Partnership or the Limited Partner; or
(iii) The breach of any representation or warranty of the General Partner or Special Limited Partner contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(iv) The breach by the General Partner or Special Limited Partner of any covenant of the General Partner or Special Limited Partner contained in this Partnership Agreement, including without limitation those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(v) Any action or inaction by the Partnership, General Partner, Special Limited Partner, or any Affiliate of the General Partner or Special Limited Partner that does, or with the passage of time would, (a) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (b) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (c) violate any applicable federal or state securities laws (as they relate to the Partnership or the Partnership Interest), (d) cause the Partnership to fail to qualify as a limited partnership under the Act, (e) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (f) qualify as an event of removal or withdrawal with respect to the General Partner or Special Limited Partner under the Act, or (g) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner and otherwise is not cured by payments made pursuant to Section 6.9 hereof or consented to by the Limited Partner; or

(vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such cost overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not materially adversely affect the Projections or financial viability of the Project or the Partnership; or

(vii) A material default occurs under the Construction Loan, Permanent Loan, Subordinate Loan, or any Project Documents and such default is not cured or waived by the Lender within thirty (30) days after the occurrence of such default, or if such default takes more than thirty (30) days to cure, the General Partner or Special Limited Partner has failed to commence diligent efforts to effect a cure within such thirty (30) day period and diligently pursue such remedies until the default is fully cured (it being acknowledged and agreed that an Event of Default under this subsection (vii) exists independently of an Event of Default under subsection (ix) hereof and does not merge with subsection (ix) if a foreclosure or other creditor’s action is filed in connection with the Construction Loan, Permanent Loan or Subordinate Loan); or

(viii) The Project or the Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership, the Project, or the Limited Partner; or
(ix) Any Lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor’s action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor’s action by or against the Partnership and any such action is not dismissed within thirty (30) days; or

(x) The Partnership fails to achieve 80% of Projected Tax Credits to the Limited Partner with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Property Management Agent if at any time cause (as such term is defined in Section 6.4.9(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner in accordance with the requirements of Section 8.6.3 hereof; or

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner or Special Limited Partner pursuant to Sections 6.4.6(i), 6.4.6(ii), and Section 6.9 is not timely made by or on behalf of the General Partner or Special Limited Partner or any guarantor of such obligation; or

(xiv) The occurrence of a breach of any obligation, representation, warranty or covenant of any of the Guarantors under the Guaranty Agreement; or

(xv) A General Partner or Special Limited Partner permits an owner thereof to transfer a controlling interest in such entity without the consent of the Limited Partner as required in Section 6.3.30 of this Partnership Agreement; or

(xvi) Repeated failure to provide in a timely manner any reports or information required to be submitted to the Limited Partner, the Special Limited Partner or the Asset Manager under Article 8, hereof; or

(xvii) The commencement by a General Partner, Special Limited Partner or a Guarantor of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

(xviii) The failure of the General Partner or Special Limited Partner to obtain the dismissal of any case commenced against a General Partner or Special Limited Partner (i) for the appointment of a trustee for such General Partner or Special Limited Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors;
(xix) During the Compliance Period, the General Partner has operated
the Project in a manner such as that 20% or more of the Tax Credit Units fail to
qualify for the Tax Credits; or

(xx) The use by the General Partner of any funds in any of the reserves
described in Section 6.4.7 above for purposes other than permitted therein.

10.6.2 Effectiveness. Prior to removing and replacing the General Partner
or Special Limited Partner for an Event of Default, the Limited Partner shall give the
General Partner or Special Limited Partner reasonable prior written notice setting forth in
detail the Event of Default(s) providing the basis for such possible removal and a
reasonable opportunity (as determined by the Limited Partner in its discretion) to cure
such default(s); provided, however, that no opportunity to cure such default(s) shall be
given where the extent or nature of the default is such that there is a likelihood of
material loss, liability, or prejudice to the Partnership or the Limited Partner, or both,
from any delay in removal and replacement. If the grounds for removal justify an
immediate removal under the preceding sentence, such removal shall be effective upon
the delivery of a notice thereof to the specified address in accordance with Section 12.1
hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner or Special Limited Partner to cure
the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision by the Limited Partner, in its sole and reasonable
discretion, to remove the General Partner or Special Limited Partner, and

(iii) the Limited Partner provides the General Partner or Special
Limited Partner with written notice of its removal as General Partner or Special
Limited Partner, with a copy to the Special Limited Partner, which notice shall
specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner or Special Limited Partner, as applicable,
shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities
(including, without limitation, its obligations to make any payments pursuant to Sections 6.4.6(i),
6.4.6(ii), 6.4.6(iii), and Section 6.9 of this Partnership Agreement and liabilities resulting from
any breach of any of the representations and warranties set forth in Section 6.3 of this
Partnership Agreement) incurred by it as a General Partner or Special Limited Partner before the
effective date of such removal but is free of any obligations and liabilities incurred on account of
Partnership activities from and after the time of such removal and (ii) all damages and other
amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the
Limited Partner or Special Limited Partner as a result of the occurrence of the event giving rise
to such removal. From and after delivery of notice of such removal, the Partnership shall have
no obligation to make any further payments to the Partner or its Affiliates for fees that would
otherwise be due and payable pursuant to this Partnership Agreement, any other agreement
entered into by the Partnership and the Partner or any Affiliate thereof, or in connection with the
performance of the Partner’s obligations hereunder.
10.6.3 Waiver. Any forbearance by the Limited Partner in exercising any right or remedy under this Section 10.6 or any other provision in this Partnership Agreement or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any right or remedy. The enforcement by the Limited Partner of any right herein shall not constitute an election by the Limited Partner of remedies so as to preclude the exercise of any other right available to the Limited Partner.

Section 10.7 Nominee’s Enforcement Powers. If the Limited Partner holds bare legal title, as nominee, to its Partnership Interest and transfers the beneficial interests in the Limited Partner’s Partnership Interest to one or more Persons, the General Partner hereby acknowledges and agrees that the Limited Partner, in its capacity as nominee, shall be entitled to exercise all rights and remedies reserved to the Limited Partner under this Partnership Agreement, including without limitation, the right to bring any legal action to enforce the General Partner’s obligations hereunder.
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

Section 11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

11.1.1 The expiration of the term of the Partnership’s existence;

11.1.2 The sale or other disposition of all or substantially all of the Partnership Property and the Partnership’s receipt of all or substantially all of the proceeds therefrom;

11.1.3 The Partners’ mutual election to dissolve the Partnership;

11.1.4 The failure of the Limited Partner to agree in writing at the time and in the manner provided in Section 10.3 hereof to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner’s Partnership Interest or the removal of the General Partner; or

11.1.5 The Limited Partner’s election pursuant to Section 10.2 hereof to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner’s Partnership Interest, notwithstanding the fact that one or more other General Partner is in existence at such time.

11.1.6 The Limited Partner’s withdrawal pursuant to Section 9.8 or exercise of its put right pursuant to Section 9.9, unless the General Partner admits one or more substitute limited partners to the Partnership within ninety (90) days after the Limited Partner’s withdrawal or exercise of its put right.

Section 11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership’s liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership’s liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:

11.2.1 First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates
made pursuant to Section 6.4.6(i), 6.4.6(ii), and/or 6.4.6(iii) hereof and the Guaranty Agreement and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

11.2.2 Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this Section 11.2; and

11.2.3 Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in Section 5.2.1 hereof and in accordance with the priority set forth therein; and

11.2.4 Fourth, such liquidation proceeds will be distributed in compliance with Section 1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under Section 4.2.13 hereof.

Section 11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of 1.704-1(b)(2)(ii)(g) of the Regulations, then:

11.3.1 Distributions will be made pursuant to Section 11.2 hereof (if such “liquidation” constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with Section 1.704 1(b)(2)(ii)(b)(2) of the Regulations;

11.3.2 If a General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such General Partner will contribute to the capital of the Partnership the amount necessary to restore the balance in its Capital Account to zero;

11.3.3 If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to Section 11.4 hereof; and

11.3.4 Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the “liquidation” or (2) ninety (90) days after the date of the “liquidation”.
Notwithstanding anything to the contrary contained in this 11.3, in the event the Partnership is “liquidated” within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, but such “liquidation” does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to Section 11.2 hereof. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

Section 11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in Section 11.3.2 hereof, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this Section 11.4, the Limited Partner and Special Limited Partner shall not have any obligation to restore any deficit in their Capital Accounts upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner and Special Limited Partner may from time to time elect to be obligated to restore a deficit in their Capital Accounts up to a limited dollar amount. Such election shall be made by the delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner or the Special Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner’s or the Special Limited Partner’s Partnership Interest.

Section 11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

Section 11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the Certificate of Formation, or any amendment thereto, of the Partnership and any and all other documents which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.
ARTICLE 12: MISCELLANEOUS

Section 12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership's principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three (3) business days after deposit in the United States mail.

Section 12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

Section 12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

Section 12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Texas.

Section 12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

Section 12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

Section 12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

Section 12.8 Limitation of Benefits. Except with respect to those provisions hereof that confer rights to the Warehouse Lender, it is the explicit intention of the Partners that no person or entity other than the Partners, the owner(s) of the beneficial interests in the Limited Partner's Partnership Interest and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners, the owners of such beneficial interests and the Partnership and their or its respective successors and assigns as permitted hereunder).
Section 12.9 Entire Agreement. This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or written agreements, commitments, or understandings with respect to the matters provided for herein and therein.

Section 12.10 Broker’s Commission and Indemnity. Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney’s fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

Section 12.11 Amendment of Partnership Agreement. Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

Section 12.12 Power of Attorney

12.12.1 Generally. The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of Section 10.6 hereof, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii) all amendments to the Certificate of Formation or other instrument that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under the Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by the Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any part of its Partnership Interest hereunder. Nothing contained herein shall be construed to limit the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.
12.12.2 Removal for Cause. The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of Section 10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of Section 10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by Section 10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

Section 12.13 More Than One Limited Partner. The Limited Partner owning the majority of the Partnership Interests held by the Limited Partners (the “Majority Limited Partner”) shall have the exclusive right to exercise all consents and approvals assigned to the Limited Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by Section 10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

The Limited Partner owning the majority of the Partnership Interests held by the Limited Partners (the “Majority Limited Partner”) shall have the exclusive right to exercise all consents and approvals assigned to the Limited Partners under this Partnership Agreement. All of the Limited Partners agree to abide and be bound by the decisions of the Majority Limited Partner with respect to its exercise of the consent and approval rights assigned to the Limited Partners under this Partnership Agreement. The General Partner shall be required to provide all requested reporting and other information hereunder only to the Majority Limited Partner, provided that the General Partner will also deliver a separate copy of such report or other information to any other Limited Partner upon its request. If no one Limited Partner owns a majority of the Partnership Interests held by the Limited Partners, then all consents and approvals assigned to the Limited Partners under this Partnership Agreement shall be exercised by the Limited Partners owning a majority of such Partnership Interests, and the General Partner shall provide all requested reporting and other information hereunder to each of the Limited Partners.

Section 12.14 Third Party Beneficiary. The parties hereto hereby acknowledge and agree that the Asset Manager is a third party beneficiary of this Partnership Agreement.

[Remainder of this page intentionally left blank.]
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER [0.005%]:

HEBRON 2013 G.P., L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: __________________________
Name: _________________________
Its: ___________________________

LIMITED PARTNER [99.990%]:

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: __________________________
Name: _________________________
Its: ___________________________

SPECIAL LIMITED PARTNER [0.005%]:

CHURCHILL 2012 SLP, LLC, a Texas limited liability company

By: __________________________
Name: Bradley E. Forlund, its sole member

INITIAL LIMITED PARTNER:

______________________________
BRADLEY E. FORSLUND, an individual
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER [0.005%]:

HEBRON 2013 G.P., L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: 
Name: 
Its: 

LIMITED PARTNER [99.990%]:

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: 
Name: Karen Przypyszny
Its: Senior Vice President

SPECIAL LIMITED PARTNER [0.005%]:

CHURCHILL 2012 SLP, LLC, a Texas limited liability company

By: Bradley E. Forslund, its sole member

INITIAL LIMITED PARTNER:

BRADLEY E. FORSLUND, an individual
APPENDIX I

PROJECTIONS
<table>
<thead>
<tr>
<th><strong>Project Description</strong></th>
<th><strong>Timing Assumptions</strong></th>
<th><strong>Partnership Information</strong></th>
<th><strong>Escalators</strong></th>
<th><strong>Reserves and Fees</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name</td>
<td>Evergreen at Arbor Hills</td>
<td>NEF Admission to Partnership</td>
<td>2/24/14</td>
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<td>Limited Partnership Name</td>
<td>Hebron 2013 Senior Community, LP</td>
<td>NEF Initial Funding</td>
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<td>Is Developer Cash Basis? (Y/N)</td>
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<td>Co-General Partner Tax Exempt (Y/N)</td>
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<td>State Tax Rate (CA only)</td>
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<td>130% Boost (enter %, 101% - 130%)</td>
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<td>Is 3rd party buying state credits?</td>
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90% of the 90% MF goes to the SLP and 10% goes to the GP.
**Tax Credit Information**

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<td>Eligible for Historic Rehab Credit? (Y/N)</td>
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<td>State Historic Credit Percentage</td>
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**Other Annual Income Arbor Hills_Projections_Final.xlsm**

- Garages: $16,320
- Carports: $0
- Other Income: $10

**Tax Exempt Bond Financing**

- Bond Issuer: [ ]
- Credit Enhancement Type: [ ]
- Enhancement Provided by: [ ]
- Bond Purchaser: [ ]
- Date of Bond Issuance: [ ]
- Are These Draw Down Bonds: [ ]
- Peredevelopment loan: [ ]

**NEF Regional Team:**

- Acquisitions Regional VP: Rachel Rhodes
- Acquisition Manager: Omar Chaudhry
- Construction Risk Manager: Steven Burckardt
- Underwriting VP: Stewart Jester
- Underwriting Manager: Sean Hilliard
- Asset Manager VP: Jennifer Rivera
- Asset Manager: Matt Boelter
- Current Date: 2013

**Project Characteristics Choose all that apply**

- GP making 168(h) election
- Elderly
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
### NEF

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<th>NEF LIHTC Rent</th>
<th>HUD FMR</th>
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<th>Tenant Pay Unit</th>
<th>Market Units Rent</th>
<th>Average Market Rent</th>
<th>Occupancy</th>
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<th>Subsidy Type</th>
<th>Terms</th>
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## Development Costs

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<td>11</td>
<td>109,717</td>
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### Construction Loan Interest in Basis

| Total | 1.1% | 228,250 | 2 | 114,125 | 228,250 | 228,250 | 0 | 228,250 | 0 | 0 | 0 | 0 |        |

### Other Costs

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### Capitalized Land Costs

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### Initial Operating Reserve

| Total | 6.14% | 477,770 | 4 | 119,433 | 477,770 | 477,770 | 0 | 477,770 | 0 | 0 | 0 | 0 |        |

### Capitalized Replacement Reserve

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Capitalized ACC Reserve

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Capitalized Rev Deficit Reserve

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Capitalized Acc & Tax Escrow

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Capitalized Lease-Up Reserve (int. oper. deferrals)

| Total | 577,297 | 5 | 115,459 | 577,297 | 577,297 | 0 | 577,297 | 0 | 0 | 0 | 0 | 0 |        |

### Other Reserves

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Accrued Contingent Loan Interest

| Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |        |

### Total Uses

<p>| Total | 19,348,600 | 175 | 142,295 | 15,401,739 | 14,165,016 | 0 | 2,701,775 | 537,038 | 708,000 | 0 | 16,780,021 | 0 |        |</p>
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<td>136</td>
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### Number of Residential Units
- 136

### Number of Tax Credit Units
- 136

### Number of Market Units
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### Commercial Square Footage
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### Square Footage of Building
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### Start of Construction
- 3/1/14

### Completion/CofO/Placed in Service
- 3/1/15

### Start of Leasing/Move-in Date
- 2/1/15

### Start of QO Tax Credit Units PIS
- 2/1/2015

### Construction Period
- 12

### Year-wise Data

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### Year-wise Data (continued)

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### Cumulative Data

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<th>Rehab Tax Credits</th>
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### Additional Information
- **Lease-Up Schedule / Credit Delivery**
- **Construction Period**: 12
- **First Building Placed in Service**: 1/1/15
- **Last Building Placed in Service**: 3/3/15
- **Start of Construction**: 3/1/14
- **Completion/CofO/Placed in Service**: 3/1/15
- **Start of Leasing/Move-in Date**: 2/1/15
- **100% Lease-Up/Qualified Occupancy**: 5/1/16
- **Start of QO Tax Credit Units PIS**: 2/1/2015

### Financial Details
- **Commercial Square Footage**: 0
- **Cumulative Commercial Non Tax Sq Ft Leased**: 0
- **Non TC Units Leased**: 0
- **Non Tax Credit Units**: 0
- **Tax Credit Cumulative Year**: 0
- **Tax Credit I Cumulative Year**: 0
- **Tax Credit Units Leased**: 0
- **Lease-Up Schedule**: 0
- **Credit Delivery**: 0

### Rental Income
- **Tax Credit Rental Income**: 0
- **Commercial Income**: 0
- **Non Tax Credit Rental Income**: 0
- **Total Rental Income**: 0
- **Rehab Tax Credits**: 0
- **Acq Tax Credits**: 0
- **Total Tax Credits**: 0

### Additional Information
- **Acquisition Credits Allocated/yr**: 0
- **LIHTCs Allocated @ 100%/yr**: 0
- **Cal State Credits Allocated @ 100%**: 0
- **Cal State Credits Allocated @ 130%**: 0
- **State Credits Allocated**: 0
- **Historic Credits Allocated**: 0
- **Non TC Units Leased**: 0
- **Non Tax Credit Units**: 0
- **Total Rental**: 0
- **Rental Income**: 0
- **Credit Rental**: 0
- **Rental Income Credit**: 0
- **State Historic Credits Allocated**: 0
- **Absorption (avg units/month) per market study**: 0
- **Absorption (avg units/month) per model**: 0
- **State Historic Credits Allocated**: 0
- **2/1/15 Absorption (avg units/month) per market study**: 15
- **5/1/16 Absorption (avg units/month) per model**: 9
- **Historic Credits Allocated**: 0
- **Rehab Tax Credits**: 0
- **Acq Tax Credits**: 0
- **Total Tax Credits**: 0

### Credits from QO Units PIS in 2015
- **Credits from QO Units PIS in 2015**: 0
- **Total Tax Credits**: 0
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Credits from QO Units PIS in 2015: 794,118
Credits from QO Units PIS in 2016: 705,882

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### Credits Price/Credit Equity

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**Total Limited Partner Equity**

14,998,500

### State LIHTC Credits Purchased by a 3rd Party

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### Equity Installments

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<th>Project Cost</th>
<th>Developer Fee Percent</th>
<th>Developer Fee</th>
<th>Total Reserves Payment</th>
<th>NED Reserves</th>
<th>Total Equity Paid</th>
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**TOTAL**

100.00% 12,005,732 100.00% 1,537,701 1,055,067 1,055,067 14,998,500 100.00% 0 14,998,500

### Developer Fee

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<td>From Equity</td>
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### General & Administrative

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### Payroll & Related

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### Maintenance & Repair

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<td>2,540 19</td>
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<td>Painting &amp; Decorating/Make-ready</td>
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### Market & Leasing

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<th>Escalator</th>
<th>Comments</th>
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<tr>
<td>Advertising</td>
<td>136</td>
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<td>Outreach, publications, newspapers, banners, brochures, credit reports</td>
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<td>Locators, resident referrals, shopping reports</td>
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### Taxes & Insurance

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### Total Annual Operating Budget

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<td>Budget</td>
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### Construction Flow

|-------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
### NEF Loans

**Texas**

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Interest Only</th>
<th>Interest Rate</th>
<th>Amort Term (yrs)</th>
<th>&quot;010&quot; Rate</th>
<th>Total Pmt Override</th>
<th>Annual Payment</th>
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<tbody>
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#### Payment Schedule

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<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<th>2028</th>
<th>2029</th>
<th>2030</th>
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### TDHCA - HOME Loan

<table>
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<tr>
<th>Loan Amount</th>
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<th>Interest Rate</th>
<th>Amort Term (yrs)</th>
<th>&quot;010&quot; Rate</th>
<th>Total Pmt Override</th>
<th>Annual Payment</th>
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<tbody>
<tr>
<td>1,000,000</td>
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#### Payment Schedule

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**NEF Loans**

**TDHCA - HOME Loan**
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<tr>
<th>Year</th>
<th>Actual Payment</th>
<th>Total Interest Due</th>
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**Total Prep Override:** 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

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Manual Input of Contributions
## INCOME

- **Gross Rent Paid**
  - LIHTC Units: 1,072,967
  - Sub Units: 1,092,014
  - After Contract: 1,102,391

- **Market Rent**
  - 0

- **Gross Residential Income**
  - 2015: 399,941
  - 2016: 1,047,931
  - 2017: 1,102,391
  - 2018: 1,124,439
  - 2019: 1,146,927

## EXPENSES

### General & Administrative
- Salaries & Benefits: 52,012
- Utilities: 34,144
- Maintenance & Repair: 35,577
- Bank & Legal: 7,825

### Marketing & Leasing
- Marketing & Leasing: 30,577

### Taxes & Insurance
- Property Taxes: 380,914
- Insurance: 7,874

## Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow</th>
<th>ECR</th>
<th>Debt Service (Mort-PAY)</th>
<th>Debt Service (Mort-PAY) after 1st</th>
<th>Debt Service (Mort-PAY) after 2nd</th>
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<td>2015</td>
<td>0.00</td>
<td>0.00</td>
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<td>2016</td>
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<td>0.00</td>
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<td>2017</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>2018</td>
<td>0.00</td>
<td>0.00</td>
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<td>2019</td>
<td>0.00</td>
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<td>0.00</td>
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</tbody>
</table>

## Debt Service (Mort-PAY)

| Loan Servicing and/or MIP Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash-flow after debt service - 2nd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ECR | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 1st mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 2nd mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Debt Service (Mort-PAY) after 1st mortgage

| Loan Servicing and/or MIP Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash-flow after debt service - 2nd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ECR | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 1st mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 2nd mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Debt Service (Mort-PAY) after 2nd mortgage

| Loan Servicing and/or MIP Fees | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash-flow after debt service - 2nd | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ECR | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 1st mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Debt service ratio after 2nd mortgage | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

## Conclusion

The document provides a detailed breakdown of income and expenses, including gross rent paid, administration, maintenance, marketing, taxes, debt service, and ECR calculations over several years. The data is presented in a tabular format, making it easier to analyze financial performance and budgeting. The assumptions and calculations suggest a well-structured approach to managing the financial aspects of the project.
## Cash Flow

### Project Year

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<td>14</td>
<td>15</td>
<td>16</td>
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<tr>
<td>Fifth Mortgage Loan</td>
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### RESERVES WITHDRAWALS

1. Initial Operating Reserve
2. Capitalized ARC Reserve
3. Capitalized R&R Deficit Reserve
4. Capitalized Lease-Up Reserve (init. oper. deficits)
5. Other Reserves

### PAYMENTS CONTINGENT ON AVAILABLE CASH-FLOW

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<td>4 Incentive Management Fee</td>
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<td>6 Capitalized ARC Reserve</td>
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<td>7 Capitalized R&amp;R Deficit Reserve</td>
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### Remaining Cash

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<td>20,306</td>
<td>6,807</td>
<td>6,592</td>
<td>6,658</td>
<td>6,502</td>
<td>6,424</td>
<td>6,322</td>
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<td>6,043</td>
<td>5,864</td>
<td>5,916</td>
<td>5,419</td>
<td>5,151</td>
<td>4,850</td>
<td>3,510</td>
<td>1,950</td>
<td>0</td>
<td>114,677</td>
</tr>
</tbody>
</table>

### Excess Cash Allocation to Distributions

| General Partner Share @ 2.01% | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Limited Partner Share @ 9.99% | 0 | 10,727 | 20,304 | 0,006 | 6,582 | 6,517 | 6,501 | 6,423 | 3,311 | 6,195 | 6,042 | 5,860 | 5,656 | 5,418 | 5,150 | 4,850 | 3,510 | 1,950 | 0 | 114,677 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Initial Reserve | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF |
| Contributions to Operating Reserve | 261,420 | 216,350 | 119,394 | 109,603 | 100,616 | 92,365 | 84,791 | 77,838 | 71,456 | 65,596 | 59,260 | 55,280 | 50,747 | 45,646 | 38,079 | 30,721 | 24,646 | 19,915 |
| Withdrawal from Operating Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Reserve Account | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 | 5,010 |
| Balance before Reserve | 261,420 | 216,350 | 119,394 | 109,603 | 100,616 | 92,365 | 84,791 | 77,838 | 71,456 | 65,596 | 59,260 | 55,280 | 50,747 | 45,646 | 38,079 | 30,721 | 24,646 | 19,915 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2% Capitalized ACC Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal from Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance before Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of ACC Reserve to cash flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2% Capitalized Rev Deficit Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal from Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance before Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of Rev Deficit Reserve to cash flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2% Insurance & Tax Escrow (Funding Not Req.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal from Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance before Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of Insurance & Tax Reserve to cash flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2% Capitalized Lease-Up Reserve | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF | NEF |
| Contributions to Reserve | 315,877 | 261,420 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal from Reserve | 6,318 | 6,444 | 6,573 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 | 6,593 |
| Balance before Reserve | 322,195 | 328,639 | 558,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of Capitalized Lease-Up Reserve to cash flow | 322,195 | 328,639 | 558,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2% Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdrawal from Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance before Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of Other Reserve to cash flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
### Use of Reserves Analysis

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### Federal LIHTC

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### Bond Analysis 50% Test (If Applicable)

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<tr>
<td>TOTAL</td>
<td>136</td>
<td>100.00%</td>
<td>110,500</td>
<td>100.00%</td>
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Applicable fraction (the lesser of units or sq ft) 100.00%

| Bond Proceeds/Aggregate Basis | N/A |
| Total Project Basis          | 16,780,021 |
Profit & Loss

NEF
Sale
2014

o

Net OperaHng Income

0
0
0

Interest Expense. TDHCA - HOME Loan
Interest Expense •
Interest Expense -

0

Interest Expense •
Interest Expense·
Interest Expense·
Interest Expense·
Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense 0

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Total Expenses
!LOWER TIER TAXABLE PROFIT/LOSS
PROJECT PASSIVE LOSS BENEFITS
Tax Savings/Cost from Project
35.0%

2015
142,2871
8,417

6,318

Interest Expense - Community Bank of Texas

Deferred Developer's Fee Interest Pymt
Amortization
Depreciation
Partnership Management Fee
NEF Asset Fee
Expenses
Deduction for Use of Reserves
Third Party Bridge Loan Interest
Expenses Specially Allocated to GP
Incentive Management Fee

I

2016

!

342,172

2017

379,954

f

2018
381,3811

2019
382,6521

2020
383,7581

2021

2022

384,689

j

2023

385,436

f

2024

aas.eeo 1

2025

3ae.34o 1
10

Project Year
Interest Income on Reserves

6,3181

2,211

0
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0
36,522
572,175
0
8,500
455,000
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96,548

11,875

22,741
182,500

46,012
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39,842
731,709
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8,755
253,000
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1,262,069
(908,02~

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(317,808)

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39,842
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9,567
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174,313

171,271
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39,842
668,923
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28,345

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1194 967)

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(189 705)

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(3,241.461)

!PROJECT CREDIT BENEFITS
Tobd R•hab Cr.dtta from Project

522,059

1,428,471

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

977,941

73,529

522,059

1,428,471

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

977,941

73,529

878,373
99.99%

1,744,278
99.99%
174
1,744,104

1,694,967
gg 99%

1,679,104
99.99%

1,674,883
99.99%

1,662,221
99.99%

1,693,764
99.99%

1,689,705
99.99%

1,685,834
99.99%

1,682,126
99.99%

1,152,616
99.99%

244,407
99.99%
24
244,383

15,000,000

Total Acquisition Credits from Project
Total Historic Preservation Tax Credit
Total State Historic Preservation Tax Credit
Total Cal State Tax Credit
Total State Tax Credit
TOTAL CREDITS
Total Tax Savings from Protect @ 35.0% Rat.
Mrn Gain Percentage Allocation
0.01%
General Partner Share
Limited Partner Share@ 99.99%

(2.211)
99.99%
(0)

88

(2,211)

878,285

169

168

167

166

169

169

169

168

115

1,694,797

1,678,936

1,674,715

1,662,055

1,693,594

1,689,537

1,685,665

1,681,958

1,152,501

15,000,000
167,536
99.99%

164,278
99.99%

161.088
99.99%

140,463
99.99%

17

16

16

14

167,519

164,262

161,072

140,449

128,027

18,241,461
17

1,811
18,111,622


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<th>Period (Months)</th>
<th>Closing Date</th>
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**Amortization**

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**Total Amounts**

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**Total Amounts**

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<th>Site Improvements - related to building</th>
<th>Land/Site Improvements/Amenities</th>
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**Miscellaneous Notes:**
- Are ANY buildings going to be vacant during rehab? [N/Y/N]
- Commercial income <20% of total income: [Y/N]
- Take bonus depreciation: [Y/N]
- Buildings construction completion over more than one year: [Y/N]
Mini~1Jm Gain

NEF

TC

=========================
Year

Total NEF
Equity

Project Taxable
Income (Loss)

Yea

0
2
3
4
5
6

7
8
9

10
11
12
13
14
15
16
17
18

2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026

14,998,500

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(1,018,041)
(908,021)
(557,048)
(511,725)
(499,666)
(463,490)
(553,610)
(542,016)
(530,954)
(520,360)
(499,072)
(488,222)
(478.674)
(469,367)
(460,253)
(401,324)

2027
2028
2029
2030
2031

(365,792)
0

2032

LP Percent of LP Portion of
Taxable income
Income
(Loss)
(Loss)

Historic
Credit
Adjustment

6,317

0

99.99%
99.99%
99:99%
99.99%
99.99%
99.99%
99.99%
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99.99%
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99.99%
99.99%
99.99%
99.99%
99.99%
99.99%
99:99%
99,99%

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(511,674)
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(478,626)

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5,863
5,656

Capital
Account
Balance

Allo1..~ .. on of
Adjusted
Reallocation of
Min Gain to
Income (Loss) Losses to LP
LP

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11,459,880
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9,881,674
9,344,578
8;818,2~
8,313,343
1,819,515

Adjusted
Capital
Account

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(365,755)

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Mm Gain

Generated from
Contingent Loans

Min Gain
Generated from
Related Party
Loans

0
0
0
0
0
0
0
0

Exit Tax per
Unit

0

0
0
0

0
0

0
0

0
0
0
0
0

0

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No Min Gain Problem

0
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0
0

5,623,445

0
0

0

5,623,445

0

0

If GP ,s related party only 45% of the losses can be allocated to the GP

(9,261,316)

= tax credit years

(9,260.390)

GP Capital Account
TC

Year

Yea
2

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032

Total GP
Equity

100

GP Taxable
Income (Loss)

1
(102)
(91)
(56)
(51)
(50)
(46)
(55)
(54)
(53)
(52)
(50)
(49)
(48)
(47)
(46)
(40)
(37)
0

Cash Flow

0
2

1
0
0
0
0

Capital
Account
Balance

101
(2)
(95)
(151)
(203)
(254)
(301)
(357)
(412)
(465)
(518)
(569)
(618)
(666)
(714)
(760)
(801)
(838)
(838)

Reallocation of
Income (Loss)

0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0

Adjusted
Capital
Account

101
(2)
(95)
(151)
(203)
(254)
(301)
(357)
(412)
(465)
(518)
(569)
(618)
(666)
(714)
(760)
(801)
(838)
(838)

Partnership
Basis

2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032

16,993,447
16,993,447
16,993,447
16,993,447
16,993,447
16,993,447
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Accumulated
Depreciation

0
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1,303,884
1,972,806
2,601,591
3,223,719
3,815,300
4,379,488
4,943,676
5,507,863
6,072,051
6,636,239
7,200,427
7,764,614
8,328,802
8,892,990
9,431,634
9,944,735
0

Year End
Partnership
Basis

16,993,447
16,421,272
15,689,563
15,020,641
14,391,856
13,769,728
13,178,147
12,613,959
12,049,771
11,485,584
10,921,396
10,357,208
9,793,020
9,228,833
8,664,645
8,100,457
7,561,813
7,048,712
0

Partnership
NonRecourse
Liabilities

1,000,000
988,889
4,294,505
4,215,421
4,133,756
4,049,365
3,962,093
3,871,780
3,778,252
3,681,328
3,580,818
3,476,518
3,368,216
3,255,684
3,138,685
3,016,967
2,890,263
2,758,292
455,556

Partnership
Minimum Gain

0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
455,556

Allocation of Reallocation of
losses to GP or
Minimum
Related lender
Gain to LP

0
0
0
0
0
0
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0
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455,510

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## Minimum Gain

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### Assumptions Applied to Projections from Year 1

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<th>Source of Cash Flow</th>
<th>Residential Income Trending</th>
<th>Commercial Income Trending</th>
<th>Other Income Trending</th>
<th>Commercial Liquidity</th>
<th>Replacement Reserves</th>
<th>Reversion Period</th>
<th>Gds.</th>
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<td></td>
<td>3.50%</td>
<td>2.60%</td>
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<td>6.00%</td>
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#### Net Operating Income

- **Year 1**: $1,040,751
- **Year 2**: $1,348,198
- **Year 3**: $1,348,198
- **Year 4**: $1,348,198
- **Year 5**: $1,348,198

#### Debt Service

- **Year 1**: $1,206,997
- **Year 2**: $1,206,997
- **Year 3**: $1,206,997
- **Year 4**: $1,206,997
- **Year 5**: $1,206,997
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Evergreen at Arbor Hills

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email to National Equity Fund asking for approval.

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Becky Villanueva

From: Jason Aldridge <jaldridge@nefinc.org>
Sent: Sunday, February 03, 2019 1:49 PM
To: Brad Forslund
Cc: Becky Villanueva
Subject: RE: Churchill at Golden Triangle TDHCA #19009

Brad – unfortunately NEF cannot provide permission to accommodate 811 units in NEF’s existing projects. The attached letter details the reasoning.

If you have any questions or need anything further, please let me know.

Thank you – Jason

Jason Aldridge | Vice President of Originations
NATIONAL EQUITY FUND ®
5332 Longview St.
Dallas, TX 75206
Phone (972) 741-5150

From: Brad Forslund <bforslund@cri.bz>
Sent: Monday, January 28, 2019 12:08 PM
To: Jason Aldridge <jaldridge@nefinc.org>
Cc: Becky Villanueva <bvillanueva@cri.bz>
Subject: FW: Churchill at Golden Triangle TDHCA #19009

Jason,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from National Equity Fund that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Morningstar, Colony Texas
Churchill at Champions Circle, Fort Worth Texas
Evergreen at Vista Ridge, Lewisville Texas
Evergreen at Arbor Hills, Carrollton Texas
Evergreen at Rowlett, Rowlett Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Arbor Hills

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:

Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 5, 2019

Brad Forslund  
Churchill Residential  
5605 N. McArthur Blvd, Ste 580  
Irving, TX 75038

Re: Churchill’s 811 Eligible Properties

Dear Mr. Forslund:

National Equity Fund (“NEF”) serves as the Limited Partner and LIHTC investor in five LIHTC properties that are operated by Churchill Residential (“Churchill”) and are eligible for the Section 811 Project Rental Assistance Program (“811”). The five properties are as follows:

- Evergreen at Morningstar – 6245 Morning Star Dr. The Colony, TX
- Churchill at Champions Circle – 3424 Outlet Blvd. Fort Worth, TX
- Evergreen at Vista Ridge – 455 Highland Dr. Lewisville, TX
- Evergreen at Arbor Hills – 2314 Parker Rd. Carrollton, TX
- Evergreen at Rowlett – 5611 Old Rowlett Rd. Rowlett, TX

Churchill has brought to NEF’s attention an inquiry to add 811 units to these existing properties. NEF has a responsibility to its investors to maintain the initial underwriting, operational, and risk profile of these projects contemplated at closing and thus we respectfully deny this request as it would present significant challenges for each project’s stakeholders. NEF’s denial is based on the following:

1. NEF’s LPA Requires Consent to Alter a Project’s Unit Mix/Restrictions for all 5 Churchill projects listed above – To use Evergreen at Rowlett as an example, stated in the Limited Partnership Agreement (LPA) under Section 6.2 Restrictions of GP’s Authority:

   Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

   6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan and Subordinate Cash Flow Loans);
The documents referenced above spell out the various rent set asides, tenant targeting, operating revenues and expenses, etc. associated with the property – incorporating 811 units constitutes as a change to those documents and thus legally requires NEF’s written approval.

2. Economic Risk – currently none of the Churchill properties listed above include project based vouchers; it would take significant costs to train management, compliance, and accounting personnel to accommodate 811 vouchers as Churchill manages their own properties and thus cannot leverage the knowledge of a larger, third party property management firm. These additional upfront and on-going costs were not initially contemplated and underwritten at project closing. NEF recognizes that the 811 program provides subsidized rents that could potentially offset some or all of these costs; however, that determination would require an in-depth analysis (and potentially revised third party reports such as market study and appraisal) which would incur investor/lender costs that are in addition to the added on-going costs at the property level.

3. Operational Risk – The 5 properties above are stable, well performing communities with an active tenant base – 4 of the 5 are senior properties. These tenants are demanding, informed, and organized. It is unclear to NEF how the current tenant base will react to the potential of 811 tenants that were not contemplated when they made the decision to lease. The risk of increased tenant concerns and turnover is real even if the actual risk posed by 811 tenants is not.

To be clear, NEF does not have any issue with the 811 program and respects its purpose/mission as a worthy one. NEF plans to participate in many Texas communities going forward that include 811 units and NEF and the project’s stakeholders will have the ability to underwrite the program’s operational and economic implications at closing. However, it is extremely difficult and risky for NEF to recommend to our investors a significant change in unit restrictions, tenant targeting, economics, and operations after closing.

Please let me know if you have any questions regarding this matter.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund
TDHCA #14051 Churchill at Champions Circle

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   ☐ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).

   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   ☐ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   ☐ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   ☐ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO COVER PAGES

   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement);

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation).
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet

Legal Right to Withhold Cover Page §11.9(c)(6)(A)(i)

2019 Uniform Multifamily Application #19009

Existing Development Name Churchill at Champions Circle

(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: National Equity Fund

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.2 & 6.3

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: Pages 45, 46 & 49 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
AMENDED ANDRESTATED
LIMITED PARTNERSHIP AGREEMENT

OF

CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.

April 8, 2015

GENERAL PARTNER: LifeNet-Champions Circle G.P., L.L.C.
9708 Skillman Street
Dallas, Texas 75243

LIMITED PARTNER: NEF Assignment Corporation, as nominee
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

SPECIAL LIMITED PARTNER: Churchill Senior Residential, LLC
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECITALS</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>ARTICLE 1: DEFINITIONS</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>ARTICLE 2: ORGANIZATION</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>Section 2.1</td>
<td>Continuation of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.2</td>
<td>Character and Purpose of Business</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.3</td>
<td>Name of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.4</td>
<td>Principal Place of Business</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.5</td>
<td>Principal Office</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.6</td>
<td>Agent for Service of Process</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.7</td>
<td>Name and Address of General Partner</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.8</td>
<td>Names and Addresses of Limited Partner and Special Limited Partner</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.9</td>
<td>Governmental Filings</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.10</td>
<td>Term of Partnership</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.11</td>
<td>Compliance with Laws</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.12</td>
<td>Statutory Record Keeping</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.13</td>
<td>Related Party Debt</td>
<td>21</td>
</tr>
<tr>
<td>Section 2.14</td>
<td>Non-Confidential Tax Shelter</td>
<td>21</td>
</tr>
<tr>
<td>Section 2.15</td>
<td>Definitions</td>
<td>21</td>
</tr>
<tr>
<td>ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>Section 3.1</td>
<td>General Partner's and Special Limited Partner's Capital Contributions</td>
<td>22</td>
</tr>
<tr>
<td>Section 3.2</td>
<td>Limited Partner's Capital Contributions</td>
<td>23</td>
</tr>
<tr>
<td>Section 3.3</td>
<td>Additional Provisions Concerning Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.4</td>
<td>Interest on Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.5</td>
<td>Withdrawal and Return of Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.6</td>
<td>Capital Accounts</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.7</td>
<td>Partnership Loans</td>
<td>31</td>
</tr>
<tr>
<td>Section 3.8</td>
<td>Additional Capital Contributions</td>
<td>31</td>
</tr>
<tr>
<td>Section 3.9</td>
<td>Limited Partner's Withdrawal Option</td>
<td>32</td>
</tr>
<tr>
<td>ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Section 4.1</td>
<td>Profit and Loss Allocations</td>
<td>33</td>
</tr>
<tr>
<td>Section 4.2</td>
<td>Special Allocations</td>
<td>33</td>
</tr>
<tr>
<td>Section 4.3</td>
<td>Timing of Allocations</td>
<td>37</td>
</tr>
<tr>
<td>Section 4.4</td>
<td>Other Allocation Rules</td>
<td>37</td>
</tr>
<tr>
<td>Section 4.5</td>
<td>Tax Effect of Allocations</td>
<td>38</td>
</tr>
<tr>
<td>ARTICLE 5: DISTRIBUTIONS</td>
<td></td>
<td>39</td>
</tr>
</tbody>
</table>
Section 5.1 Distribution of Cash Flow ................................................................. 39
Section 5.2 Net Cash from Sales and Refinancings ........................................ 40
Section 5.3 Timing of Distributions ................................................................. 41
Section 5.4 Treatment of Distributions ............................................................ 41
Section 5.5 Failure to Make Tax Elections ...................................................... 41

ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER .......... 42
Section 6.1 Management of Partnership ........................................................ 42
Section 6.2 Restrictions on General Partner’s Authority ................................... 45
Section 6.3 Representations, Warranties and Covenants of the General Partner and the Special Limited Partner ......................................................... 49
Section 6.4 Specific Obligations of General Partner ......................................... 62
Section 6.5 Fees for Services Rendered ............................................................. 74
Section 6.6 Outside Ventures of Partners ......................................................... 76
Section 6.7 Dealing With Affiliates ................................................................. 76
Section 6.8 Indemnification of Partnership and Limited Partner ......................... 76
Section 6.9 Credit Adjusters ......................................................................... 79
Section 6.10 Co-General Partners ................................................................. 84
Section 6.11 Representation of General Partner, Special Limited Partner and Limited Partner ......................................................................................... 85

ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER .......... 86
Section 7.1 Limitation of Liability ................................................................ 86
Section 7.2 No Participation in Management .................................................... 86

ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS ...................................... 87
Section 8.1 Books of Account ........................................................................ 87
Section 8.2 Management Reports ................................................................... 87
Section 8.3 General Disclosure ...................................................................... 89
Section 8.4 Tax Information .......................................................................... 90
Section 8.5 Review of Compliance .............................................................. 92
Section 8.6 Failure to Provide Information ..................................................... 93

ARTICLE 9: TRANSFER OF LIMITED PARTNER’S PARTNERSHIP INTERESTS ... 95
Section 9.1 Voluntary Transfers ...................................................................... 95
Section 9.2 General Partner’s Consent to Substitution as a Limited Partner .......... 95
Section 9.3 Involuntary Transfers .................................................................. 96
Section 9.4 Distributions and Allocations with Respect to Transferred Partnership Interests ................................................................................. 96
Section 9.5 Disposition of Project .................................................................. 96
Section 9.6 Purchase Option and Right of First Refusal .................................. 97
Section 9.7 Warehouse Lender ...................................................................... 97
Section 9.8 Voluntary Withdrawal .................................................................. 99
Section 9.9 Put Right ..................................................................................... 99

ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP INTERESTS .... 100
Section 10.1 Voluntary Transfers ................................................................... 100
Section 10.2 Involuntary Transfers ........................................................................................................... 100
Section 10.3 Continuation of Partnership After Involuntary Transfer of General Partner's Partnership Interests .................................................................................................................. 101
Section 10.4 Distributions and Allocations with Respect to Transferred Partnership Interests ........................................................................................................................................ 101
Section 10.5 Voluntary Withdrawal ........................................................................................................ 101
Section 10.6 Removal of General Partner and/or Special Limited Partner ........................................ 101
Section 10.7 Nominee's Enforcement Powers ......................................................................................... 105

ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION ......................................................... 106
Section 11.1 Dissolution .......................................................................................................................... 106
Section 11.2 Winding Up and Termination ............................................................................................ 106
Section 11.3 Compliance with Liquidation Requirements of Regulations .............................................. 107
Section 11.4 Rights and Obligations of Limited Partner Upon Dissolution ........................................ 108
Section 11.5 Waiver of Partition ........................................................................................................... 108
Section 11.6 Final Accounting ............................................................................................................... 108

ARTICLE 12: MISCELLANEOUS ............................................................................................................. 109
Section 12.1 Notices and Addresses ...................................................................................................... 109
Section 12.2 Pronouns and Plurals ........................................................................................................ 109
Section 12.3 Counterparts ...................................................................................................................... 109
Section 12.4 Applicable Law .................................................................................................................. 109
Section 12.5 Successors .......................................................................................................................... 109
Section 12.6 Severability ......................................................................................................................... 109
Section 12.7 Exhibits .............................................................................................................................. 109
Section 12.8 Limitation of Benefits ....................................................................................................... 109
Section 12.9 Entire Agreement ............................................................................................................... 110
Section 12.10 Broker's Commission and Indemnity .............................................................................. 110
Section 12.11 Amendment of Partnership Agreement .......................................................................... 110
Section 12.12 Power of Attorney ........................................................................................................... 110
Section 12.13 More Than One Limited Partner .................................................................................... 111
Section 12.14 Third Party Beneficiary .................................................................................................. 111

Appendix I - Projections

Exhibit A - Purchase Option and Right of First Refusal
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

CHURCHILL AT CHAMPIONS CIRCLE COMMUNITY, L.P.

a Texas limited partnership

April 8, 2015

This Amended and Restated Limited Partnership Agreement (this “Partnership Agreement”) of Churchill at Champions Circle Community, L.P., a Texas limited partnership (the “Partnership”), dated and effective as of the date first set forth above, is entered into by and between LifeNet-Champions Circle G.P., L.L.C., a Texas limited liability company (the “General Partner”), Churchill Senior Residential, LLC, a Texas limited liability company (the “Special Limited Partner”) and NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation (the “Limited Partner”), and Bradley E. Forslund, an individual, joins in this Partnership Agreement to evidence his withdrawal as Initial Limited Partner.

RECITALS

In this Partnership Agreement, terms in initial capital letters that are not defined elsewhere shall have the meanings given to them in Article 1.

The Partnership was formed as a limited partnership under the Act pursuant to the Certificate of Formation and the Initial Agreement. The purposes of this Partnership Agreement are to (i) provide for the organization and continuation of the Partnership, (ii) provide for the admission of NEF Assignment Corporation, as nominee, as the Limited Partner, (iii) provide for the withdrawal of the Initial Limited Partner as a partner, and (iv) set forth more fully the rights, obligations, and duties of the Partners (as hereinafter defined).

Accordingly, it is agreed that the Initial Agreement is hereby amended and restated in its entirety by this Partnership Agreement.

ARTICLE 1: DEFINITIONS

The capitalized words and phrases used in this Partnership Agreement shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such words and phrases):

10% Test means the determination, made in accordance with Section 42(h)(1)(E) of the Code, that the Partnership’s basis in the Project is greater than 10% of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Partnership receives an allocation of Tax Credits for the Project by the State Housing Finance Agency.
“Accountant” means Novogradac & Company LLP or such certified public accountant as is selected by the General Partner with the prior written approval of the Limited Partner or identified by the Limited Partner pursuant to Section 8.6.3 herein.

“Accountant’s Carryover Certification” means the certification by the Accountant indicating that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

“Accountant’s Section 168(h) Certification” means the certification by the Accountant indicating that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

“Act” means the Texas Revised Business Organizations Code, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Actual Tax Credits” means the Tax Credits which the Partnership allocates to the Limited Partner (as determined by the Accountant) with respect to any taxable year.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under any provision of this Partnership Agreement or is otherwise treated as required to be restored under Treasury Regulations Section 1.704-2(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (b) the debit to such Capital Account of the amounts described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5), and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” means, with respect to any Person (or as to every Partner if no Person is specifically named), (i) such Person or any member of his Immediate Family; (ii) the legal representative, successor, or assign of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii), and (iii); and (v) any Person directly or indirectly controlling (10% or more), controlled by or under direct or indirect common control with, any Person referred to in any of the preceding clauses; and (b) with respect to the Limited Partner, any limited liability company or limited partnership in which the managing member or general partner, as applicable, is NEF or an Affiliate of NEF.

“Applicable Federal Rate” means the “applicable federal rate” as defined in Code Section 1274(d).

“Applicable Percentage” means the applicable percentage for the Project determined in accordance with Section 42(b)(1) of the Code.

“Architect” means Arrive Architecture Group, LLC, f/k/a Tolson French Design, LLC.
“Architect Agreement” means that certain agreement, dated January 16, 2015, by and between the Partnership and the Architect in connection with the design of the Project.

“Asset Management Fee” means an annual fee of $9,000.00, to be increased annually by 3.00%.

“Asset Manager” means NEF Community Investments, Inc., an Illinois not-for-profit corporation, or any replacement or substitute entity selected by the Limited Partner in its sole and absolute discretion and identified in writing to the General Partner.

“Assignee” means a person to whom all or any part of a Limited Partner’s Partnership Interest has been transferred in a manner permitted under or contemplated by this Partnership Agreement, but who has not been admitted to the Partnership as a Substituted Limited Partner with respect to the transferred Partnership Interest.

“Building” means each building in the Project that is assigned a separate building identification number (BIN) in the documents evidencing the allocation of Tax Credits for the Project.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner pursuant to Section 3.6.

“Capital Contribution” means, with respect to any Partner, the total amount of cash or any cash equivalents contributed and/or agreed to be contributed to the Partnership, including all adjustments thereto, as provided in this Partnership Agreement. Except for obligations incurred in connection with Section 6.4.6(i)-(iii), and any loans made in accordance with Section 3.7 hereof, any additional advances actually made by the General Partner shall be treated as a Capital Contribution of such General Partner for purposes of this Partnership Agreement. Any reference in this Partnership Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Partnership Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant this Partnership Agreement.

“Carryover Allocation Agreement” means the agreement evidencing the allocation of Tax Credits for the Project made by the State Housing Finance Agency pursuant to Section 42(h)(1)(E) of the Code.

“Carryover Allocation Documents” means the Carryover Allocation Agreement, the Accountant’s Carryover Certification, and the invoices and other backup documentation relied upon by the Accountant in issuing the Accountant’s Carryover Certification, as discussed in the Carryover Allocation Documents Memorandum.

“Carryover Allocation Documents Memorandum” means the memorandum provided as a Project Closing Checklist item by the Limited Partner to the General Partner and the Accountant that discusses the Carryover Allocation Documents to be provided by the Accountant in satisfaction of one of the conditions related to the Second Installment.
“Cash Flow” means, with respect to any Fiscal Year of the Partnership, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) Required Debt Service Payments; (b) all cash expenditures incurred incident to the Operating Expenses of the Partnership for that Fiscal Year; and (c) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Partners shall from time to time agree to establish.

“Cash Flow Debt Service Payments” means all principal, interest and other charges and fees that are principal and interest payments which are payable in connection with the Construction Loan and, or, any Permitted Loan, and the payment or amount of which are contingent on available net operating receipts of the Partnership, including, but not limited to, payment with respect to (i) loans payable solely from Cash Flow, (ii) loans to the Partnership from the General Partner (including loans made pursuant to Section 3.7 or Sections 6.4.6(i), 6.4.6(i)(a), or 6.4.6(iii) hereof), and (iii) loans to the Partnership from the Limited Partner.

“Certificate of Formation” means the Partnership’s certificate of formation prepared in accordance with the Act, dated August 22, 2014, and filed with the Filing Office on August 22, 2014.


“CFA” means that certain Community Facilities Agreement entered into by and between the City of Fort Worth Texas and Roanoke 35/114 Partners, L.P., and relating to the construction of infrastructure improvements on the Project Property.

“Change of Law” means a change, occurring after the date of this Partnership Agreement, in the Code or the Regulations that, in the opinion of competent tax counsel approved by the Partners, prevents the Limited Partner from receiving any or all of the Projected Tax Credits.

“Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Compliance Period” means, with respect to any Building in the Project Property, the 15 taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in Section 42(i)(1) of the Code.

“Construction Completion” means the date upon which the Partnership has completed the construction of the Project substantially in accordance with the Project Documents and the Loan Documents, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Partnership Property has been completed substantially in accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis; provided, however, that the Partnership has delivered sufficient funds or cash equivalents in escrow, or has retained sufficient funds pursuant to the Construction Contract, to provide for the completion of such punch list items) and (b) a certificate of occupancy for all Residential Units.
Construction Completion Date means the date on which Construction Completion is achieved, which in any event shall not exceed the end of the second year after the year in which the Project receives an allocation of Tax Credits or, if earlier, the date required by any Lender or State Agency.

Construction Contract means that certain agreement, of even date herewith, entered into by and between the Partnership and the Contractor in connection with the construction and/or rehabilitation of the Project.

Construction Lender means Community Bank of Texas, N.A., or another lender reasonably acceptable to the Limited Partner.

Construction Loan means that certain loan to the Partnership from the Construction Lender in the original principal amount not to exceed $13,000,000.00, which loan is evidenced by the Construction Loan Documents.

Construction Loan Documents means any and all of the documents evidencing, securing, or related to the Construction Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

Contractor means LifeNet Community Behavioral Healthcare.

Cost Certification means the following documents which must be delivered to the Limited Partner after Placement in Service of the Project (a) a letter or certification from the Accountants in the form satisfactory to the State Housing Finance Agency and the Limited Partner certifying, among other things, that the Accountants have examined the books and records and will sign a tax return including the Project costs specified in the letter in Tax Credit basis, and (b) a certification by the General Partner that the Accountants' letter accurately reflects actual Project costs.

Credit Period means, with respect to any Building in the Project, the period of ten taxable years beginning with (a) the taxable year in which the Building is placed in service or (b) at the election of the taxpayer, the next succeeding taxable year, but only if the Building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects and the first year of the Credit Period pursuant to Code Section 42.

Credit Reduction Payment shall have the meaning attributed thereto in Section 6.9 of this Partnership Agreement.

Credit Shortfall shall have the meaning attributed thereto in Section 6.9.3 of this Partnership Agreement.

Debt Service Coverage Ratio shall be defined as the Gross Cash Receipts for a specified period (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) reduced by all Operating Expenses, divided by Required Debt Service Payments. The Operational Costs of the Partnership shall be
used to calculate Debt Service Coverage Ratio only for purposes of defining the Right-Sized Permanent Loan Amount and Stabilized Occupancy.

Deferred Development Fee means the Development Fees, including any interest imposed pursuant to Section 3.2.6(ii) herein, that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Limited Partner or the Project financing. The amount of the Deferred Development Fee shall include any accrued interest calculated in accordance with Section 3.2.7(iii).

Developer means Churchill Senior Communities, L.P., a Texas limited partnership and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.

Development Completion Guaranty means all of the obligations of the General Partner as described in Section 6.4.6(i) of this Partnership Agreement.

Development Fee Agreement means the Development Fee Agreement attached as Exhibit [____] entered into or to be entered into by the Partnership and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

Development Fee means the fee in the amount $1,913,255.00 described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

Disposition Fee means the fee described in Section 6.5.4.

Eligible Basis means, generally, the adjusted basis of a Building for depreciation purposes determined as of the close of the first taxable year of the Credit Period, subject to certain exclusions as set forth in the Code.

Environmental Certification means delivery to the Limited Partner, upon completion of rehabilitation or construction, of a certification by the General Partner that the Project has been completed in accordance with the recommendations contained in the environmental report(s) for the Project.

Environmental Law means (a) CE RCLA, (b) the Clean Air Act, as amended, 42 U.S.C. 7401 et seq., (c) the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq., (d) the Hazardous Materials Transportation Act, as amended, 39, U.S.C. 1801 et seq., (e) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq., (f) the Toxic Substances Control Act, as amended, 15 U.S.C. 2601 et seq., (g) the Safe Drinking Water Act, as amended, 42 U.S.C. 300f et seq., (h) the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821 et seq.; (i) the Occupational Safety and Health Act of 1970, 29 U.S.C. 651 et seq.; (j) any other similar state or local law, or (n) any regulation adopted or publication promulgated pursuant to any such laws.

Extended Use Agreement means the extended low-income housing commitment entered into between the Partnership and the State Housing Finance Agency pursuant to Section 42(h)(6) of the Code.
"Fifth Installment" has the meaning set forth in Section 3.2.65 of this Partnership Agreement.

"Filing Office" means the Secretary of State of the Project State.

"First Installment" has the meaning set forth in Section 3.2.1(i) of this Partnership Agreement.

"First Year Tenant Files" means such information or documents that evidence the tenant's qualification to occupy the Tax Credit Unit, including, but not limited to, tenant applications, executed tenant lease agreements, tenant income and asset certifications and verifications, student status verification, and rent rolls obtained by the Property Management Agent with respect to those tenants who occupy the Tax Credit Units during the period beginning with the date that the Project achieves Placement in Service and ending with the date that the Project achieves Qualified Occupancy.

"Fiscal Year" means the calendar year unless otherwise specified in writing by the Limited Partner.

"Foreign Drywall" means drywall, plasterboard, gypsum board or sheetrock manufactured in or imported from China.

"Form 8609" means the IRS Form 8609 (Low-Income Housing Tax Credit Allocation Certification) issued by the State Agency for each residential Building in the Project which finally allocates Tax Credits to such residential Building as evidenced by the execution of Part II of the form by the State Housing Finance Agency.

"Fourth Installment" has the meaning set forth in Section 3.2.4 of this Partnership Agreement.

"GAAP" means generally accepted accounting principles established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants in effect in the United States, as amended from time to time.

"Guaranty Procurement Fee" means the portion of Cash Flow that is paid to the Special Limited Partner pursuant to Section 5.1.1 as an additional fee for obtaining the Guarantor's guarantees under the Guaranty Agreement and negotiating the terms of that agreement on the behalf of the Partnership.

"General Partner" means LifeNet-Champions Circle G.P., L.L.C., which is wholly owned by LifeNet Community Behavioral Healthcare, or any other Person who becomes a successor general partner pursuant to Section 10.1, Section 10.2 or Section 10.3. If there is more than one General Partner, they are referred to herein singularly and collectively as the General Partner, as the context may require or suggest.

"Gross Cash Receipts" means all cash received from the operations of the Partnership, including all government subsidies due and payable at such time but not yet received by the Partnership and including security deposits properly released in accordance with resident lease
agreements and the proceeds of rental interruption insurance, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds other than rental interruption insurance, condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.

 Guarantor means Churchill Senior Communities, L.P.

 Guaranty Agreement means the Guaranty Agreement attached as Exhibit [____] between the Partnership and the Guarantor(s) dated as of the date hereof whereby the Guarantor(s) guaranty(ees) the obligations of the General Partner under the Partnership Agreement.

 Hazardous Substance means any substance defined in any Environmental Law as a hazardous substance, including, but not limited to, any hazardous material, hazardous waste, toxic substance or toxic waste lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, petroleum, benzene, toluene, ethylbenzene or xylene (BTEX), methyl tertiary butyl ether (MTBE) underground storage tanks, polychlorinated biphenyls (PCBs), radon, or any other pollutant that may have a material adverse effect on the Project.

 United States Department of Housing and Urban Development.

 Immediate Family means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law and sisters-in-law, each whether by birth, marriage or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

 Incentive Partnership Management Fee means the portion of Cash Flow that is paid to the General Partner pursuant to Section 5.1.1 as an additional fee for managing the affairs of the Partnership.

 Initial Agreement means the Partnership's original limited partnership agreement entered into as of __________, by and among the General Partner, the Special Limited Partner and the Initial Limited Partner.

 Initial Limited Partner means Bradley E. Forslund, an individual.

 Involuntary Event means, with respect to any Partner any one of the following events: (a) the making of an assignment for the benefit of creditors by the Partner; (b) the filing of a voluntary petition in bankruptcy by the Partner; (c) the adjudication of the Partner as a bankrupt or insolvent; (d) the filing of a petition or answer by the Partner seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner's properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

 Involuntary Transfer means any transfer of any Partner's Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.
"IRS" means the Internal Revenue Service.

"Lease-Up Reserve" means $300,000.00 deposited in the Lease-Up Reserve Account pursuant to Section 6.4.7(i).

"Lease-Up Reserve Account" means a segregated partnership bank account established to hold the Lease-up Reserve, as described in Section 6.4.7(i).

"Lender" or "Lenders" means the Construction Lender, the Permanent Lender, and/or the Subordinate Cash Flow Lenders, as the context requires.

"Limited Partner" means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, or any Person who becomes a Substituted Limited Partner pursuant to Section 9.1, Section 9.2, Section 9.3 or Section 9.6. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

"Liquidation Manager" means any Person selected by the Limited Partner.

"Loan Documents" means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Cash Flow Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

"Market Rate Units" means Project units that are not subject to the Credit income limitations under Section 42 of the Code.


"Net Cash from Sales and Refinancings" means, with respect to any Fiscal Year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with the sale or other disposition of Project Property.

"Non-Deferred Development Fee Equity" has the meaning set forth in Section 3.2.

"Nonrecourse Deduction" has the meaning set forth in Section 1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for any Fiscal Year of the Partnership equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain
during that Fiscal Year reduced (but not below zero) by the aggregate amount of any
distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to
an increase in Partnership Minimum Gain, determined in accordance with Section 1.704-2(c) of
the Regulations.

"Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the
Regulations.

"Operating Deficit" means the amount by which the collected revenues of the Partnership
from rental payments made by tenants of the Project (including governmental subsidies received
during such period) and all other revenues of the Partnership (including the proceeds of rental
interruption insurance, but excluding Capital Contributions, proceeds of any loans to the
Partnership, investment earnings on funds on deposit in the reserve fund for replacements and
other such reserve or escrow funds or accounts, prepayment of rent, security deposits (other than
those properly released in accordance with resident lease agreements) and any other funds not
generated from current Project operations) for a particular period of time is exceeded by all
Seasonably Adjusted Operating Expenses during the same period of time. In computing the
Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital
improvements (excluding payments for construction of the Project) during the period described
above shall also be taken into account, unless such amounts are funded from Project reserves.
Operating Deficits shall be measured on a monthly basis and funded as necessary during the
Operating Deficit Guaranty Period.

"Operating Deficit Guaranty Amount" means $481,483.00.

"Operating Deficit Guaranty Period" means the period beginning with the date on which
the Project achieves Stabilized Occupancy and ending on the date on which the Partnership has
achieved a Debt Service Coverage Ratio of 1.15 or better, measured on an annualized basis, for a
period of two consecutive years commencing on or after the third anniversary of achievement of
Stabilized Occupancy, provided that if the Operating Reserve is not funded on the last day of
such period in an amount greater than or equal to the Operating Reserve Target Amount, then the
Operating Deficit Guaranty Period shall be extended until such time as the Operating Reserve
Account is funded in an amount that is greater than or equal to the Operating Reserve Target
Amount. Any amount funded by the General Partner into the Operating Reserve pursuant to the
Development Completion Guaranty under Section 6.4.6(i)(b) will not be included in determining
whether the Operating Reserve Target Amount has been funded as required by the preceding
sentence.

"Operating Expenses" means all expenses incurred incident to the operation of the
Project and the Partnership including, without limitation, administrative expenses of the
Partnership, Project maintenance costs, insurance premiums, amounts required to fund
deductibles, claims and related expenses to the extent not funded from insurance proceeds, fees
to lenders and/or any applicable mortgage insurance premium payments, utilities, Property
Management Agent Fee, taxes, assessments, required deposits into the Replacement Reserve and
other reserves or escrow accounts, including any arrearages that must be funded, capital
expenditures not paid from any reserves, equity or development financing proceeds, and all other
Partnership obligations or expenditures that become due and payable, excluding Required Debt
Service Payments, Cash Flow Debt Service Payments, fees and other expenses and obligations of the Partnership to be paid from Capital Contributions and capital expenditures paid from reserves, equity or development financing proceeds.

“Operating Reserve” means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in Section 6.4.7(ii).

“Operating Reserve Account” means a segregated bank account established by the General Partner to hold the Operating Reserve, as described in Section 6.4.7(ii).

“Operating Reserve Target Amount” means $481,483.00 and maintained as described in Section 6.4.7(ii).

“Operational Costs of the Partnership” means Seasonally Adjusted Operating Expenses, but excluding the Deferred Development Fee, the Incentive Partnership Management Fee, the Guaranty Procurement Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow. The Operating Costs of the Partnership identified by the General Partner shall be evidenced by a certification of the General Partner confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Partnership on the date of such certification. The Operational Costs of the Partnership for any period shall be the greater of (a) the Project’s actual Seasonally Adjusted Operating Expenses for such period, or (b) the anticipated operational costs of the Project for such period determined on an accrual basis in accordance with the operating expenses of the Project for the applicable period shown in the Projections, provided that the Project property tax and insurance expense used to calculate the Operational Costs of the Partnership shall be based solely upon the actual property tax (if the assessed value reflects construction completion) and insurance expense incurred by the Partnership for the subject period.

“Owner’s Date Upon Title Insurance Coverage” means the owner’s title insurance coverage issued after Construction Completion that has been updated to provide additional insurance coverage through a post-Completion Construction date approved by the Limited Partner, which shall be in the form of a newly issued owner’s title insurance policy or an endorsement to the owner’s title insurance policy.

“Owner’s Title Insurance Policy” means the fully executed, TLTA owner’s policy of Title Insurance in final form which includes the customary “jacket” of preprinted terms and conditions, dated on or about the date hereof, which shall be consistent with the marked-up commitment or proforma approved by the Limited Partner on or prior to the date hereof.

“Owner’s Title Report” means a title search report issued by the same title company that issued the owner’s title insurance policy of the Project Property, any liens of record, and any encumbrances affecting the Project Property as of a specified date after Construction Completion approved by the Limited Partner.

“Partner” or “Partners” mean the General Partner, Special Limited Partner and Limited Partner, either individually or collectively.
“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with 1.704-2(i) of the Regulations.

“Partner Nonrecourse Debt” has the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

“Partner Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Fiscal Year equals the net increase during that Fiscal Year in Partner Nonrecourse Debt reduced (but not below zero) by the proceeds of the Partner Nonrecourse Debt distributed during that Fiscal Year to the Partner bearing the economic risk of loss for the Partner Nonrecourse Debt that are both attributable to the Partner Nonrecourse Debt and allocable to an increase in Partner Minimum Gain, as determined in accordance with Section 1.704-2(i)(2) of the Regulations.

“Partnership” means Churchill at Champions Circle Community, L.P.

“Partnership Agreement” means this Amended and Restated Limited Partnership Agreement of the Partnership, as amended from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder” refer to this Partnership Agreement as a whole, unless the context otherwise requires.

“Partnership Interest” means, as to any Partner, such Partner’s right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership under this Partnership Agreement and the Act.

“Partnership Minimum Gain” has the meaning set forth in Section 1.704-2(d) of the Regulations.

“Partnership Property” means all real and personal property acquired by the Partnership and any improvements thereto, and shall include both tangible and intangible property.

“Permanent Credit Increase” has the meaning set forth in Section 6.9.4 hereto.

“Permanent Credit Reduction” has the meaning set forth in Section 6.9.1 hereto.

“Permanent Credit Reduction Adjustment” has the meaning set forth in Section 6.9 hereto.

“Permanent Lender” means, collectively, CommunityBank of Texas, N.A. and the Denton County Housing Finance Corporation, or another lender reasonably acceptable to the Limited Partner.

“Permanent Loan” means, collectively, (1) that certain mortgage loan from CommunityBank of Texas, N.A. in the original principal amount not to exceed $1,500,000.00,
and (2) that certain mortgage loan from the Denton County Housing Finance Corporation in the original principal amount not to exceed $2,000,000.00, which loans are evidenced by the Permanent Loan Documents.

“Permanent Loan Documents” means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

“Permitted Loan” means, collectively, (a) the Permanent Loan; (b) the Subordinate Cash Flow Loan; and (c) loans to the Partnership from the General Partner and/or the Limited Partner in accordance with this Partnership Agreement.

“Person” means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

“Placement in Service” means occurrence of all of the following: (a) substantial completion of rehabilitation or construction, (b) issuance of certificate(s) of occupancy for all Residential Units in the Project (it being agreed that temporary certificates of occupancy shall be acceptable if (i) such certificates permit occupancy of all of the Residential Units and any community building that is a part of the Project, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the Residential Units and/or any community building on a full paying basis, (iii) the conditions set forth for obtaining permanent certificates of occupancy for all Residential Units and any community building are readily achievable as determined by the Limited Partner in its reasonable discretion, and (iv) the Partnership has made adequate provision, to the reasonable satisfaction of the Limited Partner, for the payment and completion of any work that remains to be performed), and (c) placement in service as defined for purposes of determining qualified basis and Tax Credits under federal tax law.

“Plans and Specifications” mean the plans and specifications attached and made a part of the Construction Contract, as supplemented by any change orders approved by the Limited Partner pursuant to Section 6.2 for the Project approved in writing by the Limited Partner.

“Post-Closing Document Delivery Agreement” means that certain agreement by and between the General Partner, the Special Limited Partner and the Limited Partner, dated as of the date hereof, with respect to certain ancillary documents that are required to be delivered by the General Partner to the Limited Partner within a short period of time after closing.

“Prime Rate” means the interest rate announced from time to time by the Warehouse Lender, or its successor, or, if there is no Warehouse Lender, by JPMorgan Chase Bank, Chicago, Illinois, as its prime lending rate, expressed as a percent per annum. The “Prime Rate” shall be determined on a daily basis.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, except as provided for in Section 4.2.13, determined in accordance with Section 703(a) of the Code, adjusted in the
following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either Section 705(a)(2)(B) of the Code or the Regulations promulgated under Section 704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership Property is revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership Property shall be taken into account as gain or loss from the disposition of such Partnership Property for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership Property which has been revalued pursuant to Section 1.704-1(b)(2)(iv)(f) of the Regulations and with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted value of such Partnership Property, notwithstanding that the adjusted tax basis of such Partnership Property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership Property which has been revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Section 4.2.1 and Sections 4.2.4 through 4.2.15 shall not be taken into account in computing Profits or Losses.

Project Closing Checklist means the Limited Partner's most recent checklist of items that must be submitted to the Limited Partner and approved by the Limited Partner before it will enter the Partnership.

Project Documents means any or all of the agreements or contracts related to the construction of the Project, including Plans and Specifications, Loan Documents, Construction Contract, Architect Agreement, Property Management Agreement, fee agreements, and any other document or instrument executed in connection with the development and operation of the Project.

Project Property or Project means the affordable housing rental project to be known as Churchill at Champions Circle. The Project will be located at the intersection of SWQ Hwy 114 and I35W, in Fort Worth, Texas. The Project will consist of four Buildings containing 132 Residential Units, a manager's unit, administration offices, community rooms, central laundry facilities, surface parking, a playground, and all furnishings, equipment and personal property used in connection with the operation thereof. It is expected that all 132 Residential Units will be rented to low- and very low-income households.

Projected State means Texas.

Projected First Tax Credit Year means 2016.

Projected Second Tax Credit Year means 2017.

Projected Stabilized Occupancy Date means August 1, 2017.
"Projected Tax Credits" means the product of (i) 99.99%, multiplied by (ii) the Tax Credits expected to be allocable to the Project. The Tax Credits expected to be allocable to the Project during each year of the Credit Period for purposes of making the calculation set forth in the preceding sentence are $340,909.00 for the year 2016, $1,397,727.00 for the year 2017, $1,500,000.00 for each year of 2018 through 2025, $1,159,091.00 for the year 2026, and $102,273.00 for the year 2027, as shown in the Projections attached hereto.

"Projections" means the projections attached hereto as Appendix I, as they may be amended pursuant to this Partnership Agreement.

"Property Management Agent" or "Management Agent" means initially Churchill Senior Communities Management, LLC, or such other Property Management Agent as is selected by the General Partner from time to time or identified by the Limited Partner pursuant to Section 6.4.9 with the prior written consent of the Asset Manager.

"Property Management Agent Fee" means a fee of up to 5.00% of the gross collected rents from the Project payable to the Property Management Agent, as described in the Property Management Agreement.

"Property Management Agreement" means the Property Management Agreement entered into or to be entered into by the Partnership and the Property Management Agent pursuant to which the Property Management Agent shall have primary responsibility for overseeing the management of the Project Property, as described in Section 6.4.9.

"QAP" means the Qualified Allocation Plan for the Project State.

"Qualified Basis" has the meaning set forth in Section 42(c) of the Code.

"Qualified Occupancy" means the initial occupancy of 100% of the Tax Credit Units by qualified tenants pursuant to Section 42 of the Code.

"Qualified Occupancy Date" means May 31, 2017.

"Regulations" means the Federal Income Tax Regulations (including without limitation, Temporary Regulations) promulgated under the Code, as the same may be amended from time to time (including corresponding provisions of successor regulations).

"Regulatory Agreement" means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any Lender, or any applicable government agency setting forth certain terms and conditions under which the Project is to be developed and/or operated.

"Replacement Reserve" means the amount of funds required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in Section 6.4.7(iii).
“Replacement Reserve Account” means a segregated partnership bank account held by the General Partner or the Permanent Lender and established to hold the Replacement Reserve, as described in Section 6.4.7(iii).

“Required Debt Service Payments” means all principal, interest and other required recurring charges and fees that are required to be paid monthly, or at some other regular period, which are payable in connection with the Construction Loan and, or, any Permitted Loan, but only to the extent that payment of such amount is not contingent on available net operating receipts of the Partnership.

“Residential Units” means the individual residential rental housing Credit Units and the Market Rate Units located on the Project Property.

“Right-Sized Permanent Loan Amount” means the maximum permanent loan amount having debt service requirements (based on the actual Permanent Loan interest rate and terms) that, as determined by the Limited Partner, are consistent with a Debt Service Coverage Ratio of 1.15 or better for each month during a three-consecutive-month period that is immediately prior to the conversion of the Construction Loan to the Permanent Loan. Calculation of the Debt Service Coverage Ratio for each such month shall be based upon the Operational Costs of the Partnership and Gross Cash Receipts, excluding any non-rental income that exceeds the amount of non-rental income specified in the Projections, as adjusted utilizing a vacancy factor equal to the greater of 7.00% or the actual vacancy of the Project for the prior month’s operations and excluding the amount of any income from tenant-based (not project-based) rent subsidy vouchers with respect to Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent. In no event shall the Right-Sized Permanent Loan Amount exceed the Permanent Loan amount of $3,500,000.00.

“Right-Sized Payment Amount” has the meaning set forth in Section 6.4.6(i)(b).

“Seasonally Adjusted Operating Expenses” means the Operating Expenses for a specified period as adjusted to take into account seasonal or periodic expenses incurred on an unequal basis during a full calendar year (such as utilities, maintenance expense and real estate taxes) and prorated evenly over the 12-month period, as reasonably determined by the Asset Manager.

“Second Installment” has the meaning set forth in Section 3.2.2 of this Partnership Agreement.

“Section 168(h) Tax Return” means the General Partner’s filed tax return for the taxable year specified in the Accountant’s Section 168(h) Certification that includes the General Partner’s election under Section 168(h)(6)(F)(ii) of the Code not to be treated as a tax-exempt controlled entity for purposes of Section 168(h) (5) and (6) of the Code.

“Sixth Installment” has the meaning set forth in Section 3.2.6 of this Partnership Agreement.

“Special Limited Partner” means Churchill Senior Residential, LLC, a Texas limited liability company.
Sponsor means LifeNet Community Behavioral Healthcare.

Stabilized Occupancy means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three consecutive months; and (b) the Gross Cash Receipts (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) for any three consecutive calendar months after Construction Completion from those Residential Units collectively equal or exceed each of the following: (i) the projected revenues as set forth in the Projections for the same three month period; and (ii) an amount sufficient to yield a Debt Service Coverage Ratio of not less than 1.15 during each month of such three consecutive month period based upon the Operational Costs of the Partnership and the required monthly payment of principal and interest provided for under the draft Permanent Loan Documents.

State Housing Finance Agency means the agency controlling the allocation of Tax Credits and administering the Tax Credits, which in certain limited instances may be a local city agency.

Subordinate Cash Flow Lender means those lenders, if any, together with any successors or assigns in such capacity, reasonably acceptable to the Limited Partner that are expected to make a Subordinate Cash Flow Loan.

Subordinate Cash Flow Loan means those loans, if any, expected to be made from the Subordinate Cash Flow Lenders, the payment of whose debt service is contingent upon the availability of Project operating cash flows, as specified in Section 5.1.1 of this Partnership Agreement.

Subordinate Cash Flow Loan Documents means any and all of those Subordinate Cash Flow Loan Documents evidencing, securing, or related to each of the Subordinate Cash Flow Loans, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan.

Substituted Limited Partner means a person who is admitted as a Limited Partner or a Special Limited Partner to the Partnership pursuant to Section 9.2 or Section 9.3 in place of and with all the rights of a limited partner under the Partnership Agreement and the Act.

Supplemental Development Fee means the fee in the amount $50,000.00 described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

Tax Credit or Credit means the low income housing tax credit under Section 42 of the Code.

Tax Credit Units means Project units that are subject to the Tax Credit income limitations under Section 42 of the Code as specified in the Projections.
"Tax Matters Partner" means the General Partner acting in its capacity designated in Section 6.4.3.

"Temporary Permitted Investments" means (a) direct obligations of, or obligations unconditionally guaranteed by, the United States of America or any agency thereof; (b) certificates of deposit, in amounts not exceeding the federally insured amount, issued by any commercial bank organized and doing business under the laws of the United States of America or any state thereof whose deposits are federally insured; (c) money market funds rated in the highest rating category by a nationally recognized statistical rating organization; and/or (d) such other investment vehicle as shall be approved in writing by the Limited Partner.

"Ten Percent Due Date" means ____________.

"Third Installment" has the meaning set forth in Section 3.2.3 of this Partnership Agreement.

"Timing Reduction" means the reduction in the Capital Contribution of the Limited Partner designed to compensate the Limited Partner for the reduced present value of delayed Tax Credits.

"Treasury" means the United States Department of the Treasury, including the United States of America acting through the Treasury.

"Voluntary Transfer" means any sale, assignment, transfer, pledge, or hypothecation of any Partnership Interests by a Partner, except for (a) an Involuntary Transfer, (b) any transfer in connection with an LP Pledge under Section 9.7, (c) a voluntary withdrawal by the Limited Partner under Section 9.8 or (iv) the Limited Partner's exercise of its Put Right under Section 9.9.

"Warehouse Lender" means Morgan Stanley Senior Funding, Inc., as agent (together with its successors and/or assigns in such capacity, "Morgan Stanley") for purposes of Section 9.7.5 hereof, written notice shall be given to the Warehouse Lender as follows: 201 S. Main Street, Salt Lake City, Utah 84111, Attention: Kisty Morris, Tel: 801-236-3691, Fax: 801-236-3687 and at 1585 Broadway, New York, NY 10036, Attention: Dan Heldridge, Vice President, Tel: 212-761-2159, Fax: 917-760-9634, or at such other address as Warehouse Lender may from time to time designate.
ARTICLE 2: ORGANIZATION

Section 2.1 Continuation of Partnership. The Partnership was formed by filing of the Certificate of Formation with the Filing Office on August 22, 2014, and by the execution of the Initial Agreement. The Partners desire to continue the Partnership under and pursuant to the provisions of the Act. By executing this Partnership Agreement, the parties hereto agree that the Initial Agreement is hereby amended and restated in its entirety and the Limited Partner is hereby admitted to the Partnership on the terms and conditions set forth herein, and by executing the withdrawal signature page hereof, the Initial Limited Partner hereby concurrently withdraws from the Partnership, all to become effective upon filing of an amended Certificate of Formation reflecting such changes if and to the extent required by the Act.

Section 2.2 Character and Purpose of Business. The general character and purpose of the business of the Partnership is: (a) primarily to acquire, construct, own, finance, lease, and operate the Project Property in a manner that provides decent, safe and affordable housing for low-income persons and ensures that the Project Property will be and remain a qualified low income housing project within the meaning of Section 42 of the Code and consistent with the charitable purposes of the sole member of the General Partner; (b) to eventually sell or otherwise dispose of the Project Property in a manner consistent with the provisions of this Partnership Agreement; and (c) to engage in all other activities incidental or related thereto.

Section 2.3 Name of Partnership. The name of the Partnership is "Churchill at Champions Circle Community, L.P."

Section 2.4 Principal Place of Business. The address of the principal place of business of the Partnership shall be 5605 N. MacArthur Boulevard, Suite 580, Irving, Texas 75038, or such other address as the Partners may select from time to time.

Section 2.5 Principal Office. The address of the principal office of the Partnership is 5605 North MacArthur Boulevard, Suite 580, Irving, Texas 75038, or such other address as the Partners may select from time to time.

Section 2.6 Agent for Service of Process. The Partnership’s agent for service of process is Churchill Senior Residential, LLC, or such other agent as the General Partner may select from time to time with written notice to the Limited Partner. The address of the agent for service of process is 5605 North MacArthur Boulevard, Suite 580, Irving, Texas 75038.

Section 2.7 Name and Address of General Partner. The name and address of the General Partner is:

LifeNet-Champions Circle G.P., L.L.C.
9708 Skillman Street
Dallas, Texas 75243

Section 2.8 Names and Addresses of Limited Partner and Special Limited Partner. The names and addresses of the Limited Partner and Special Limited Partner are:
Limited Partner:
NEF Assignment Corporation
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

Special Limited Partner:
Churchill Senior Residential, LLC
5605 North MacArthur Boulevard, Suite 580
Irving, Texas 75038

Section 2.9 Governmental Filings. The General Partner shall make all governmental filings as are necessary or appropriate to qualify the Partnership (a) to do or continue to do business in the Project State and any other jurisdiction or (b) to otherwise carry out the purposes and intent of this Partnership Agreement. In addition, the General Partner shall timely and properly file of record the Extended Use Agreement.

Section 2.10 Term of Partnership. The term of the Partnership began on August 22, 2014 (the date on which the Certificate of Formation was first filed with the Filing Office) and the Partnership will continue in perpetuity, unless it is earlier dissolved and terminated in accordance with the provisions of this Partnership Agreement.

Section 2.11 Compliance with Laws. The Partnership shall comply with all applicable provisions of the Act, and any other applicable statutes and local ordinances governing limited partnerships in the Project State, as well as any other applicable laws of any federal, state, or local government or agency having legal jurisdiction over the Partnership and the Project (including without limitation, Environmental Laws).

Section 2.12 Statutory Record Keeping. The Partnership shall keep at its principal place of business the following and any and all other items required by the Act:

2.12.1 a current list of the full name and last known address of each Partner, separately identifying each general partner and all limited partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner;

2.12.2 a copy of the Certificate of Formation of the Partnership, as amended or restated from time to time, together with executed copies of any powers of attorney pursuant to which any such certificate has been executed;

2.12.3 copies of the Partnership’s federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

2.12.4 a copy of the Partnership Agreement, any original or prior written partnership agreements of the Partnership, and any amendments thereto;

2.12.5 financial statements of the Partnership for the three (3) most recent years.
Section 2.13 **Related Party Debt**. The Partners agree that any entity that is a lending institution having a direct or indirect ownership or beneficial interest in the Limited Partner (a "Related Lender") may at any time make, guarantee, own, acquire, or otherwise credit-enhance, in whole or in part, a loan secured by a mortgage, deed of trust, or other security instrument encumbering the Project (a Related Lender Loan). Under no circumstances shall a Related Lender be considered to be acting on behalf or as an agent or the alter ego of the Limited Partner or any of its members, partners, or beneficiaries. A Related Lender may in its discretion take any actions that it determines advisable in connection with a Mortgage Loan, including enforcement actions. The Partners hereby acknowledges that no Related Lender owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Lender's direct or indirect ownership or beneficial interest in the Partnership (the Related Lender's Equity Interest). Neither the Partnership nor any other Partner shall make any claim against a Related Lender, or against the Limited Partner or any other entity through which the Related Lender owns the Related Lender's Equity Interest, relating to a Related Lender Loan and alleging any breach of fiduciary duty, duty of care, or any other duty whatsoever to the Partnership, the Limited Partner, or any other Partner, based in any way upon the Related Lender's Equity Interest. As used herein, the term "Limited Partner" includes its successors and assigns, as applicable.

Section 2.14 **Non-Confidential Tax Shelter**. Any obligations of confidentiality contained in or applicable to this Partnership Agreement shall not apply to the federal tax structure or federal tax treatment of the Partnership or the transactions contemplated herein. Each Partner and its employees, representatives, and agents may disclose to any and all persons, without limitation of any kind, such federal tax structure and treatment and such transactions. The Partnership interest shall not be treated as having been issued under conditions of confidentiality for purposes of Treasury Regulations Section 1.6011-4(b)(3) or any successor provision. Each Partner agrees that it has no proprietary or exclusive rights to the federal tax structure of the Partnership, the transactions contemplated herein, or federal tax matters or ideas related to such transactions.

The General Partner shall promptly notify the Limited Partner and the Special Limited Partner if it learns that the Partnership has participated in any reportable transaction within the meaning of Treasury Regulations Section 1.6011-4(b)(3).

Section 2.15 **Definitions**. All capitalized words and phrases used in this Partnership Agreement (other than the full names and addresses of the Partners and governmental subdivisions and agencies) have the meanings set forth in Article 1.
ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS

Section 3.1 General Partner’s and Special Limited Partner’s Capital Contributions.

3.1.1 The General Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of $50.00 in exchange for a 0.005% General Partner Partnership Interest, and, upon the execution of this Partnership Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

3.1.2 The General Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement, provided that, the foregoing excludes any rights, interests or agreements providing for payment of fees directly from the Partnership to the General Partner or its Affiliates (e.g., the Incentive Partnership Management Fee, the Guaranty Procurement Fee, and the Development Fee). The General Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

3.1.3 The Special Limited Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of $50.00 in exchange for a 0.005% Special Limited Partner Partnership Interest, and, upon the execution of this Partnership Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

3.1.4 The Special Limited Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement. The Special Limited Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

3.1.5 If the Partnership has not paid all amounts due as a Deferred Development Fee by the end of the 12th year of the Compliance Period, the General Partner and the Special Limited Partner shall each make an additional Capital Contribution to the Partnership in the amount of the outstanding balance of the Deferred Development Fee that is owed to that Partner’s Affiliated Developer, and any accrued and unpaid interest thereon, and the Partnership shall use this Capital Contribution to pay
the remaining balance of the Deferred Development Fee, and any accrued and unpaid interest thereon.

Section 3.2 Limited Partner’s Capital Contributions. The Limited Partner shall make Capital Contributions to the Partnership in the aggregate amount of $15,598,440.00 in exchange for a 99.99% Limited Partner Partnership Interest in the Partnership. The Limited Partner Capital Contribution shall be paid as equity for Project related costs (other than Development Fee approved by the Limited Partner and for the non-deferred portion of the Development Fee and for the deferred portion of the Development Fee as set forth in Section 6.9 and the other terms and conditions of this Partnership Agreement, the Limited Partner’s Capital Contributions shall be made as follows:

3.2.1 First Installment. The Limited Partner’s first installment of Capital Contribution, in the amount of $1,660,492.00 less $52,000.00, which shall be paid directly to the Limited Partner to reimburse it for its due diligence, inspection and closing costs in conjunction with its acquisition of an interest in the Partnership, shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the First Installment in the amount of $1,310,498.00:

(a) Receipt and approval by the Asset Manager of all of the Limited Partner’s Project Closing Checklist requirements (except for those documents reflected in the Post-Closing Document Delivery Agreement);

(b) Receipt and approval by the Asset Manager that construction has commenced, as demonstrated by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(c) Receipt and approval by the Asset Manager of a copy of the filed IRS Form 8832-Entity Classification Election containing the General Partner’s election to be taxed as a corporation with an effective date specified in line 8 of the Form that is no later than the projected date of Placement in Service;

(d) Receipt and approval by the Asset Manager of the Section 168 Tax Return containing the General Partner’s election statement in the form attached as Exhibit A to the Accountant’s section 168(h) Certification; and

(e) Admission of the Limited Partner to the Partnership.

Notwithstanding anything to the contrary in this Section 3.2.1(i), the Limited Partner may, in its sole discretion, after all of the above conditions have been met, pay only a portion of the First Installment of Project Equity equal to the amount required to pay actual Project costs that have been incurred as of the date
all of the above conditions have been met. Any portion of the First Installment of Project Equity that is not paid due to the application of the preceding sentence will be held by the Limited Partner and paid as and when actual Project costs intended to be funded by the First Installment of Project Equity are incurred.

(ii) Upon the satisfaction of all of the requirements for payment of the Project Equity portion of the First Installment as set forth in Section 3.2.1(i) above, the Limited Partner shall pay to the Partnership the Non-Deferred Development Fee Equity portion of the First Installment in the amount of $297,994.00.

3.2.2 Second Installment. The Limited Partner’s second installment of Capital Contribution, in the amount of $3,024,997.00 (“Second Installment”), all of which shall be used to fund Project Equity, shall be payable to the Partnership in cash upon the satisfaction of the following:

(i) Satisfactory completion of 50% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(ii) Receipt and approval by the Asset Manager of the Carryover Allocation Documents in accordance with the Carryover Allocation Documents Memorandum and approval of such Documents by the Asset Manager;

(iii) Receipt and approval by the Asset Manager of the Owner’s Title Insurance Policy;

(iv) Receipt and approval by the Asset Manager of all documents set forth in the Post-Closing Document Delivery Agreement;

(v) Satisfaction of all of the conditions to the payment of all prior installments;

(vi) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(vii) November 1, 2015.

$300,000.00 of this installment shall be used to fund the Lease-up Reserve Account.

Notwithstanding anything to the contrary in this Section 3.2.2, the Limited Partner may, in its sole discretion, after all of the above conditions have been met, pay only a portion of the Second Installment of Project Equity equal to the amount required to pay actual Project costs that have been incurred as of the date all of the above conditions have been met. Any portion of the Second Installment of Project Equity that is not paid due to the application of the preceding sentence
will be held by the Limited Partner and paid as and when actual Project costs intended to be funded by the Second Installment of Project Equity are incurred.

3.2.3 Third Installment. The Limited Partner’s third installment of Capital Contribution, in the amount of $5,449,993.00 (Third Installment), all of which shall be used to fund Project Equity, shall be payable to the Partnership in cash upon the satisfaction of the following:

(i) Satisfactory completion of 100% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(ii) Receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the partial repayment of the Construction Loan and the account wiring information to be used for the delivery of payment;

(iii) Receipt and approval by the Asset Manager of temporary Certificates of Occupancy (or if available the final Certificate of Occupancy) for all Project Residential Units and, if applicable, all commercial space;

(iv) Receipt and approval by the Asset Manager of an Architect’s certification indicating that all the work has been substantially completed in accordance with the plans and specifications provided to, and approved by, the Asset Manager;

(v) Completion of construction of the access-road and utility improvements in accordance with the terms of CFA;

(vi) Satisfaction of all of the conditions to the payment of all prior installments;

(vii) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(viii) August 1, 2016.

3.2.4 Fourth Installment. The Limited Partner’s fourth installment of Capital Contribution, in the amount of $297,993.00 (Fourth Installment), all of which shall be used to fund Non-Deferred Development Fee Equity, shall be payable to the Partnership in cash upon the satisfaction of the following:

(i) Receipt of a satisfactory draft Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(ii) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and
3.2.5 **Fifth Installment.** The Limited Partner’s fifth installment of Capital Contribution, in the amount of $5,105,366.00 ("Fifth Installment") shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Fifth Installment in the amount of $4,568,978.00:

(a) If the Construction Loan has not been repaid in full, receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the repayment in full of the Construction Loan and the requisite account wiring information with respect to where such funds must be deposited;

(b) Verification to the satisfaction of the Asset Manager that Qualified Occupancy of all Project Tax Credit Units has been achieved;

(c) At least 90 days prior to the expected closing date of the Permanent Loan, Receipt and approval by the Asset Manager of all draft Permanent Loan Documents;

(d) Receipt and approval by the Asset Manager of executed Permanent Loan Documents that have been previously approved by the Asset Manager;

(e) Receipt and approval by the Asset Manager of satisfactory evidence of the General Partner’s performance of all of its obligations under the Permanent Loan Conversion Guaranty;

(f) Verification to the satisfaction of the Asset Manager that the Project has achieved Stabilized Occupancy;

(g) Completion of any outstanding punch list items to the reasonable satisfaction of the Asset Manager;

(h) Receipt and approval by the Asset Manager of satisfactory evidence of date of issue title insurance coverage and reaffirmation of the T19 and T19.1 title endorsement coverages;

(i) Receipt and approval by the Asset Manager of a TLTA "As-Built" Survey of the Project;

(j) Receipt and approval by the Asset Manager of final lien waivers from the Contractor in the form attached as Exhibit [__].
(k) Receipt and approval by the Asset Manager of all required tax-exemption approval documentation and an opinion from the General Partner's counsel regarding the availability of such tax-exemption;

(l) Receipt of a satisfactory final Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(m) Receipt and approval by the Asset Manager of final Certificates of Occupancy for all Project Residential Units;

(n) Receipt and approval by the Asset Manager of satisfactory evidence that all reserves, including, but not limited to, the Operating Reserve Account and Replacement Reserve Account have been established by the General Partner and funded at the required levels (the funding levels may be met with funds from this installment);

(o) Receipt and approval by the Asset Manager of satisfactory Environmental Certification in the form provided by the Asset Manager;

(p) Receipt and approval by the Asset Manager of the recorded Extended Use Agreement;

(q) Satisfaction of all of the conditions to the payment of all prior installments;

(r) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(s) August 1, 2017.

$481,483.00 of this installment shall be used to fund the Operating Reserve Account.

(ii) Upon the satisfaction of all of the requirements for payment of the Non-Deferred Development Fee Equity portion of the Third Installment as set forth in Section 3.2.3(ii) and the Project Equity portion of the Fourth Installment as set forth in Section 3.2.4 above, the Limited Partner shall pay to the Partnership the Non-Deferred Development Fee Equity portion of the Fourth Installment in the amount of $536,388.00.

3.2.6 Sixth Installment. The Limited Partner’s sixth installment of Capital Contribution, in the amount of $59,599.00, all of which shall be used to fund Non-Deferred Development Fee Equity, shall be payable to the Partnership in cash upon satisfaction of the following:
(i) Receipt and approval by the Asset Manager and acceptance of the first year’s tax return and K-1 for the Partnership after Qualified Occupancy is achieved;

(ii) Receipt and approval by the Asset Manager of a fully executed Form 8609 (including an executed Part 2) issued for each Building in the Project;

(iii) Receipt and approval by the Asset Manager of recorded copies of all previously executed Permanent Loan(s) Documents;

(iv) Satisfaction of all of the conditions to the payment of all prior installments;

(v) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(vi) August 1, 2017.

3.2.7 Other Conditions Affecting Payment of Capital Contributions.

(i) Notwithstanding anything to the contrary in Section 3.2 above, the Asset Manager may, in its sole and absolute discretion, waive any one or more of the requirements set forth in Sections 3.2.1 through 3.2.6 above and pay that installment of Project Equity; provided, however, any requirement that is waived must be satisfied prior to the payment by the Limited Partner of the respective Development Fee Equity.

(ii) Notwithstanding any reduction of the Limited Partner’s Capital Contribution installment next due, including a reduction to $0 of the installment next due or a reduction to $0 of all remaining Capital Contributions, that results from the operation of the provisions found in Sections 6.9.1 through 6.9.3, the General Partner shall remain obligated to satisfy on a timely basis all of the conditions related to the payment of the Project Equity and Non-Deferred Development Fee portions of each installment of Capital Contribution as described in Sections 3.2.1 through 3.2.6 above.

(iii) A portion of the Development Fee in the amount of $721,281.00 that is not projected to be paid out of the Limited Partner’s Capital Contribution or the Project financing shall be payable from available Cash Flow, with interest thereon at the rate of 3.00%, compounding annually and, if applicable, as provided in Section 3.1.5, above, subordinated to certain Cash Flow payments to be made to the Limited Partner. If any principal and/or accrued interest on the Deferred Development Fee remain unpaid by the end of the 12th year of the Compliance Period, the General Partner and Special Limited Partner shall make a Capital Contribution to the Partnership, as provided for in Section 3.1.5 above, in an amount sufficient to enable the Partnership to pay the outstanding amount of the Deferred Development Fee.
(iv) The General Partner shall deliver to the Limited Partner, not more than 30 days nor less than ten business days prior to the due date of each installment of the Limited Partner’s Capital Contribution, the General Partner’s written certification in the form attached as Exhibit [___] that each of the applicable conditions set forth in Section 3.2.8, has been satisfied.

(v) Notwithstanding anything to the contrary herein, if there are any cost savings with respect to the development of the Project (“Cost Savings”), such Cost Savings shall be distributed, subject to the approval of the Asset Manager, in the following order: (A) first, in accordance with Section 5.1.1(i) through (v) hereof, (B) second, to reduce the amount of the Right-Sized Payment Amount (which shall not be deemed loans by the General Partner or the Special Limited Partner), as set forth in Section 6.4.6(i)(a), and (C) to the Special Limited Partner as an incentive construction oversight fee in an amount not to exceed such amount as permitted by the State Housing Finance Agency or in any of the Loan Documents.

3.2.8 The obligation to pay the amounts due under Section 3.2.1 through Section 3.2.6 is expressly conditioned upon each of the following requirements, in addition to those requirements that are set forth above, being satisfied at all times prior to and including the due dates of the above payments:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in this Partnership Agreement (including, without limitation, those covenants, representations, and warranties set forth in Section 6.3);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Limited Partner Capital Contribution payment (including, without limitation, those set forth in Section 6.3);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 hereof, it being acknowledged and agreed that any penalty assessed against the General Partner under Section 8.6.1 for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Development Fee payable under Section 3.2, and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under Section 3.2 and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward payment of the Development Fee;

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner’s financial or business condition or operations that affects (or with the passage of time will affect) its ability to perform its obligations hereunder; and
There has been no Change in Law.

3.2.9 Subject to the provisions set forth above, if a Limited Partner’s interest in the Partnership is liquidated (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)) prior to the payment of the Limited Partner’s entire Capital Contribution pursuant to this Section 3.2, and the Limited Partner does not or has not provided a negotiable promissory note to evidence its obligation to pay its Capital Contribution, the Limited Partner shall pay no later than the end of the taxable year of the Partnership in which the Limited Partner’s interest is liquidated or, if later, within 90 days after the date of the liquidation the lesser of (1) the unpaid balance of its Capital Contribution; and (2) its negative Capital Account balance.

Section 3.3 Additional Provisions Concerning Capital Contributions.

3.3.1 Each installment of the Limited Partner’s Capital Contribution paid prior to conversion to the Permanent Loan shall be deposited into a designated account in the name of the Partnership with Construction Lender to be used in accordance with and as provided in the Credit Support and Funding Agreement entered into by and between the Partnership and Construction Lender.

3.3.2 Notwithstanding any other provision of this Partnership Agreement, but subject to credit adjusters provided in Section 6.9 herein, none of the amount, timing or conditions of the Limited Partner’s Capital Contributions may be amended nor shall any conditions to the funding of the Limited Partner’s Capital Contributions be added without the written consent of Construction Lender as long as the Construction Loan remains outstanding.

Section 3.4 Interest on Capital Contributions. The Partnership shall not pay any Partner interest on its Capital Contribution.

Section 3.5 Withdrawal and Return of Capital Contributions. Except as provided elsewhere herein, no Partner has the right: (i) to withdraw any part of its Capital Contribution from the Partnership; (ii) to demand a return of its Capital Contribution; or (iii) to receive property other than cash in return for its Capital Contribution.

Section 3.6 Capital Accounts.

3.6.1 The Partnership shall maintain for each Partner a separate capital account in accordance with Section 1.704-1(b) of the Regulations. The Capital Account of each Partner consists of the amount of its Capital Contribution, and will be (1) increased by (i) the fair market value of any property contributed by it to the Partnership, (ii) the amount of any Partnership liability assumed by such Partner or which is secured by any Partnership Property distributed to such Partner, and (iii) its allocable share of Profits and any items of income or gain specially allocated to it pursuant to Section 4.2.4 through Section 4.2.15, and (2) decreased by (i) the amount of any cash distributed to it, (ii) the fair market value of any Partnership Property distributed to it, (iii) the amount of any liability of such Partner assumed by the Partnership or which is secured by any property contributed by such Partner to the Partnership, and (iv) its allocable share of
Losses and any items of loss or deduction specially allocated to it pursuant to Section 4.2.4 through Section 4.2.15.

3.6.2 If any Partnership Interests are transferred in accordance with the terms of this Partnership Agreement, then the transferee will succeed to the Capital Account of the transferor to the extent it relates to the transferred Partnership Interest. Upon the occurrence of any of the following events, the Partnership shall revalue the Partnership Property and adjust the Capital Accounts to reflect the gain (or loss) that would have been allocated to each Partner if all the Partnership Property had been sold at its fair market value immediately prior to the occurrence of any of the following events, and if required to cause the provisions herein regarding the maintenance of Capital Accounts to comply with Section 1.704(b) of the Regulations:

(i) Any new or existing Partner acquiring an additional interest in the Partnership in exchange for more than a de minimis Capital Contribution;

(ii) The Partnership distributing to a Partner more than a de minimis amount of property or money in consideration for an interest in the Partnership; or

(iii) The “liquidation” of the Partnership within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, other than a “liquidation” resulting from a termination under Section 1.708-1(b)(2) of the Regulations.

The revaluation of the Partnership Property referred to in the immediately preceding sentence will be made in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations.

The foregoing provisions and all other provisions of this Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Regulations and will be interpreted and applied in a manner consistent with such Regulations.

Section 3.7 Partnership Loans. Subject to the limitations set forth in Section 6.2.1, if from time to time the Partnership needs funds in excess of those provided by the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans, Capital Contributions of the Partners, and funds required to be provided by the General Partner or any Affiliate of the General Partner pursuant to any obligation hereunder or any other agreement (such as pursuant to Sections 6.4.6(i) and 6.4.6(i)(a)), any Partner or other person, organization, or institution may loan such additional funds to the Partnership at an interest cost to the Partnership and upon such terms, as agreed upon by the General Partner in its reasonable discretion, subject to compliance with the terms of existing loan agreements and this Partnership Agreement. Any loan made by a General Partner or an Affiliate of a General Partner will not bear interest in excess of the long term annual compounding Applicable Federal Rate. Any Partner making any loan to the Partnership will be considered, in its capacity as maker of the loan, a general creditor of the Partnership and not as a Partner. Any loan made hereunder by a Partner will be paid as provided in Section 5.1 and Section 5.2 hereof.

Section 3.8 Additional Capital Contributions. Except as expressly provided in this Partnership Agreement, no Partner is required to make contributions to the capital of the Partnership.
Section 3.9 Limited Partner’s Withdrawal Option. In the event that the following events have not occurred by the specified dates, unless such dates are waived or extended in writing by the Limited Partner, then the Limited Partner may, at its sole option and discretion, withdraw from the Partnership at any time unless and until it waives such withdrawal right in writing.

<table>
<thead>
<tr>
<th>Event</th>
<th>Completion or Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commencement of construction of the Project as evidenced in a manner as reasonably required by the Asset Manager.</td>
<td>1. Thirty days after the date of execution of the Partnership Agreement</td>
</tr>
<tr>
<td>2. Submission of all outstanding items in the Post-Closing Document Delivery Agreement</td>
<td>2. Thirty days after the date of execution of the Partnership Agreement</td>
</tr>
</tbody>
</table>

Upon any such withdrawal, the Partnership shall (i) immediately return to the Limited Partner all Capital Contributions actually made to the Partnership by the Limited Partner, plus all expenses reasonably incurred by the Limited Partner in connection with entering into and withdrawing from the partnership, and (ii) execute and file a release of the Limited Partner’s UCC Financing Statement securing its Capital Contribution obligation, the Partners shall execute an amendment to the Partnership Agreement, and the General Partner shall execute, file, and record, as applicable, an amendment to the Partnership’s Certificate of Formation, reflecting the withdrawal of the Limited Partner and the release of all of the Limited Partner’s obligations and liabilities in connection with the Partnership, all of the foregoing documents to be in form and content satisfactory to the Limited Partner. Notwithstanding any failure or delay in such execution and delivery, however, the Partnership Agreement shall be deemed to have been amended in accordance with the provisions of this Section 3.9 once the Limited Partner has provided the General Partner with written notice of its intent to withdraw. Nothing herein shall be construed to diminish any of the General Partner’s obligations under the Partnership Agreement to issue final accounting and tax reports to the Limited Partner for all periods prior to its withdrawal and in which its withdrawal occurred.
ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS

Section 4.1 Profit and Loss Allocations. Except as otherwise provided in Section 4.2, Profits and Losses for any Fiscal Year of the Partnership are allocated among the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.99%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Section 4.2 Special Allocations. Notwithstanding anything to the contrary contained in Section 4.1, the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under Section 4.1:

4.2.1 Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated 0.005% to the General Partner, 0.005% to the Special Limited Partner and 99.99% to the Limited Partner.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

4.2.2 Limitation on Allocations of Losses. To the extent the allocation of any Losses to a Limited Partner would cause that Limited Partner to have an Adjusted Capital Account Deficit at the end of any Fiscal Year of the Partnership, then those Losses will not be allocated to that Limited Partner, but rather will be specially allocated to the General Partner.

4.2.3 Profit Chargeback. To the extent any Losses are allocated to the General Partner in accordance with Section 4.2.2 above, then Profits will thereafter first be specially allocated to the General Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such allocations of Losses made to the General Partner under such Section 4.2.2, but (2) not to the extent that Losses would be allocated to the Limited Partner in excess of the amount permitted by such Section 4.2.2.

4.2.4 Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership Fiscal Year, then each Partner will be specially allocated items of Partnership income or gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner's share of the net decrease in the Partnership Minimum Gain (determined in accordance with Section 1.704-2(g) of the Regulations). Any allocations made pursuant to this Section 4.2.4 are to be made in
proportion to the respective amounts required to be allocated to each of the Partners pursuant thereto. The items of Partnership income or gain specially allocated under this Section 4.2.4 are to be determined in accordance with Section 1.704-2(f) of the Regulations. This Section 4.2.4 is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(f) of the Regulations and will be interpreted consistently therewith.

4.2.5 Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4 (except Section 4.2.4), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Fiscal Year, then each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(5) of the Regulations) will be specially allocated items of Partnership income and gain for such Fiscal Year (and if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(4) of the Regulations). Any allocations made pursuant to this Section 4.2.5 will be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items of Partnership income or gain specially allocated under this Section 4.2.5 will be determined in accordance with Section 1.704-2(i)(4) of the Regulations. This Section 4.2.5 is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

4.2.6 Qualified Income Offset. If a Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Limited Partner as quickly as possible. The special allocations required pursuant to this Section 4.2.6 are made only if and to the extent that that Limited Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this Section 4.2.6 were not in the Partnership Agreement. This Section 4.2.6 is intended to comply with the qualified income offset requirements of Section 1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

4.2.7 Gross Income Allocation. If a Limited Partner has a deficit balance in its Capital Account at the end of any Partnership Fiscal Year which exceeds the sum of (1) the amount that Limited Partner is obligated to restore pursuant to any provision of this Partnership Agreement and (2) the amount that Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Section 1.704-2(g)(1) and Section 1.704-2(i)(5) of the Regulations, then that Limited Partner will be specially allocated items of Partnership income or gain in the amount of such excess as quickly as possible. The special allocations required pursuant to this Section 4.2.7 are made only if and to the extent that that Limited Partner would have a deficit Capital Account in excess of the aforementioned sum after all of the allocations provided for in this Article 4 have
been tentatively made as if Section 4.2.6 and this Section 4.2.7 were not in the Partnership Agreement.

4.2.8 **Nonrecourse Deductions.** Nonrecourse Deductions are specially allocated among the Partners in accordance with the same percentages set forth in Section 4.1 with respect to Profits and Losses.

4.2.9 **Partner Nonrecourse Deductions.** Partner Nonrecourse Deductions are specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Section 1.704-2(i) of the Regulations.

4.2.10 **754 Adjustment.** To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to Section 734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under Section 1.704-1(b)(2)(iv)(m) of the Regulations, then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the Regulations.

4.2.11 **Imputed Interest.** To the extent the Partnership has taxable interest income with respect to any Capital Contribution pursuant to Section 483 or Sections 1271 through 1288 of the Code, then (i) such interest income will be specially allocated to the Partner to whom such Capital Contribution relates, and (ii) the amount of such interest income will be excluded from the Capital Contributions credited to such Partner’s Capital Account in connection with the payments of principal with respect to such Capital Contribution.

4.2.12 **Curative Allocations.** The special allocations set forth in Section 4.2.4 through Section 4.2.9 are intended to comply with the requirements of Section 1.704-1(b) of the Regulations. These special allocations may lead to results, which are inconsistent with the Partners’ intentions concerning their sharing in Partnership distributions. Accordingly, the General Partner is hereby authorized and directed to specially allocate other items of Partnership income, gain, loss, and deduction among the Partners so as to prevent the special allocations required under Section 4.2.4 through Section 4.2.9 of this Section 4.2 from distorting the Partners’ understanding of the manner in which Partnership distributions are to be made to the Partners upon the dissolution and termination of the Partnership. In general, it is anticipated that the special allocations, if any, made under this Section 4.2.12 are made by specially allocating other items of Partnership income, gain, loss, and deduction among the Partners so that the sum of the special allocations made to each Partner pursuant to Section 4.2.4 through Section 4.2.9 of this Section 4.2 equals the sum of the special allocations made under this Section 4.2.4. In order to preserve its Capital Account to allow the allocation of Tax Credits to the Limited Partner in accordance with Section 4.2.1, the Limited Partner may select certain classes of deductions (but not depreciation deductions) to be allocated solely to
the General Partner. The Limited Partner shall notify the General Partner in writing no later than the due date (without extension) of the Partnership tax return for any fiscal year of the deductions to be allocated to the General Partner in this manner, and the General Partner and Limited Partner shall cause the Partnership Agreement to be amended to reflect the special allocation described in the preceding sentence. Such amendment shall be considered effective as of the first day of the year for which such return relates.

4.2.13 Matching Income Allocation of Income or Gain from Sales and Refinancing Proceeds. All items of Partnership income or gain arising from events resulting in Net Cash from Sales or Refinancings are allocated:

(i) first, as specified in Sections 4.2.4 through 4.2.7, Section 4.2.10 and Section 4.2.12 and Section 4.4.3 of this Partnership Agreement;

(ii) second, if after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, any Limited Partner has a negative Capital Account balance, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s negative Capital Account is equal to zero;

(iii) third, to any General Partner that has a negative Capital Account balance after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, until its Capital Account balance is equal to zero;

(iv) fourth, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s positive Capital Account balance equals any amount to be distributed to the Limited Partner pursuant to Section 5.2.1(i) and Section 5.2.1(ii); and

(v) fifth, to the Partners in accordance with the percentages specified in Section 5.2.2.

4.2.14 Grant Income. Any income recognized by the Partnership as a result of any receipt of grants by the Partnership shall be allocated 100% to the General Partner, provided that if the General Partner is (i) a tax-exempt entity within the meaning of Section 168(h)(2) of the Code, or (ii) a tax-exempt controlled entity within the meaning of Section 168(h)(6)(F)(ii) of the Code and has not made the election under Section 168(h)(6)(F) of the Code, the allocations to the General Partner under this Section 4.2 and Section 4.3 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

4.2.15 Special Adjustment. The special allocations in this Section 4.2.15 shall apply notwithstanding any provision of this Partnership Agreement to the contrary. Prior to making any special allocations set forth in this Section 4.2, items of expenses and other deductions (other than depreciation, amortization, cost recovery deductions and Nonrecourse Deductions) equal to the sum of the amount of any loans to the Partnership made by the General Partner or any of its Affiliates pursuant to or for the purposes described in Section 3.7 and Sections 6.4.6(i) and 6.4.6(ii) are specially allocated to the
General Partner in each tax year in which any such loan is made. Further, if any loans of the General Partner or its Affiliates are repaid by the Partnership from Cash Flow pursuant to Section 5.1(a), the General Partner shall be specially allocated an amount of gross income equal to the lesser of (i) the amount of such repayment, or (ii) the aggregate amount of expenses and deductions specifically allocated to the General Partner under this Section 4.2.15. If the General Partner is a “tax-exempt entity” within the meaning of Section 168(h)(2) of the Code, or a “tax-exempt controlled entity” within the meaning of Section 168(h)(6)(F)(iii) of the Code and has not made the election under Section 168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this Section 4.2.15 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

Section 4.3 Timing of Allocations. Except as otherwise expressly provided in this Partnership Agreement, all allocations of Profits, Losses, and Tax Credits are to be made as of the last day of each Fiscal Year of the Partnership.

Section 4.4 Other Allocation Rules. The following rules apply for the purpose of interpreting and applying the provisions of this Article 4 relating to the allocation of Profits, Losses, and Tax Credits among the Partners:

4.4.1 Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner’s proportionate share of the excess nonrecourse liabilities of the Partnership within the meaning of Section 1.752-3(a)(3) of the Regulations, the Partners’ respective interests in Partnership Profits shall be those percentage interests set forth in Section 4.1 (determined without regard to Section 4.2).

4.4.2 Effect of Cash Distributions. To the extent permitted by Sections 1.704-2(h) and 1.704-2(i)(6) of the Regulations, the General Partner shall endeavor to treat distributions of Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Limited Partner.

4.4.3 Recharacterization of Fee as Distribution. If any fee or portion thereof payable to any Partner or any Affiliate thereof is determined to be a nondeductible distribution from the Partnership to a Partner for federal income tax purposes, there will be allocated to such Partner an amount of gross income equal to such distribution.

Notwithstanding anything to the contrary in this Partnership Agreement, if the (i) Project Property was acquired from the General Partner or its Affiliate, and (ii) Projections reflect any amount of Tax Credits allocated in respect of the acquisition of the Project Property, then, except as set forth in the Code or the Treasury Regulations thereunder, the General Partner shall not be allocated nor shall the General Partner receive a distribution in excess of 45% of the Profits, Losses, or Cash Flow (except for payment of Development Fees or repayment of any General Partner loans) of the Partnership.
Section 4.5  **Tax Effect of Allocations.** Except as otherwise required under the second paragraph of this Section 4.5, the allocation of Profits, Losses, and Tax Credits to any Partner under this Article 4 is deemed an allocation to that Partner of the same proportionate part of each separate item of Partnership taxable income, gain, loss, deduction, or credit comprising such Profits, Losses, and Tax Credits, including, without limitation, any unrealized receivable or substantially appreciated inventory item under Section 751 of the Code. The Partners are aware of the income tax consequences of the allocations made pursuant to this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their respective shares of Partnership income, gain, loss, deduction, and credit for income tax purposes.

Notwithstanding anything to the contrary contained in this Article 4, income, gain, loss, deduction, and credit with respect to any Partnership Property contributed to the capital of the Partnership by any Partner is, solely for tax purposes, allocated among the Partners so as to take into account any variation between the adjusted tax basis of such Partnership Property to the Partnership for federal income tax purposes and the value assigned to such Partnership Property for the purposes of the computation of the Partners' Capital Accounts. If any revaluation of the Partnership Property is made by the General Partner (which revaluation may only be made with the consent of the Limited Partner) then any subsequent allocations of income, gain, loss, deduction, and credit with respect to such Partnership Property will take into account any variation between the adjusted tax basis of such Partnership Property for federal income tax purposes and the value assigned to such Partnership Property as a result of such revaluation. All allocations required under this paragraph of Section 4.5 are solely for purposes of federal, state, and local income taxes. These allocations do not affect and must not in any way be taken into account in computing any Partner's Capital Account or any Partner's share of Profits, Losses, Tax Credits or other items or distributions required or permitted to be made pursuant to any provision of this Partnership Agreement. This Section 4.5 is intended to conform to Section 704(c) of the Code.
ARTICLE 5: DISTRIBUTIONS

Section 5.1 Distribution of Cash Flow.

5.1.1 Cash Flow shall be paid, prior to the making of any distributions pursuant to Section 5.1.2 hereof, in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9 hereof;

(ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

(v) Fifth, to the Developer to pay any unpaid balance on the Deferred Development Fee;

(vi) Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7;

(vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i) or 6.4.6(i)(a) and not yet repaid;

(viii) Eighth, to the payment of any then payable Cash Flow Debt Service Payments, in accordance with the applicable Loan Documents;

(ix) Ninth, until the end of the Compliance Period, 90% of the balance, if any, to be allocated 10% to the General Partner as an Incentive Partnership Management Fee and 90% to the Special Limited Partner as a Guaranty Procurement Fee, both on a non-cumulative basis, and thereafter as a distribution (in those same respective proportions) pursuant to Section 6.5.5 hereof.

5.1.2 After making the payments described in Section 5.1.1 hereof, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:
General Partner 0.005%
Special Limited Partner 0.005%
Limited Partner 99.990%
Total 100.000%

Notwithstanding any other provision of this Section 5.1 to the contrary for each Fiscal Year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such Fiscal Year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after repayment of the loans referred to in Section 5.1.1(vii) with respect to such Fiscal Year.

Section 5.2 Net Cash from Sales and Refinancings. Except as otherwise provided in Article 11 of this Partnership Agreement (pertaining to the liquidation and dissolution of the Partnership), Net Cash from Sales and Refinancings shall be paid or distributed to the Partners as provided in this Section 5.2.

5.2.1 Payments. Net Cash from Sales and Refinancings and any unutilized Operating Reserves shall be paid in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9;

(ii) Second, to the Limited Partner an amount equal to the amount of taxes which will be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state and local income tax rates in effect at such time for corporations;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the payment of current and accrued Asset Management Fees, if outstanding;

(v) Fifth, to the Developer to pay any unpaid balance, if any, on the Deferred Development Fee;

(vi) Sixth, to the Asset Manager the Disposition Fee;

(vii) Seventh, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7; and

(viii) Eighth, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i) or 6.4.6(i)(a), and not yet repaid.
5.2.2 **Distributions.** After making the payments specified in Section 5.2.1 hereof, the balance of Net Cash from Sales and Refinancings, if any, shall be distributed 10% to the Limited Partner, 81% to the Special Limited Partner and 9% to the General Partner.

Section 5.3 **Timing of Distributions.** Distributions of Cash Flow shall be made annually within 90 days after the end of each Fiscal Year of the Partnership. The determination of the amount of Cash Flow distributable annually to the Partners under this Article 5 shall be based upon the state of facts existing on the last day of each Fiscal Year of the Partnership.

Section 5.4 **Treatment of Distributions.** Distributions to a Partner of Cash Flow are considered draws against such Partner’s allocable share of the Partnership’s Profits and Losses.

Section 5.5 **Failure to Make Tax Elections.** Notwithstanding anything to the contrary in this Article 5 or Article 4, if the General Partner is required to make the election pursuant to Section 168(h)(6)(F)(ii) of the Code and the election to be taxed as a corporation for Federal income tax purposes but fails to properly do so within the timeframe set forth in this Agreement, then the General Partner shall not be entitled to (i) any distributions under this Article 5 (except for the payment of any Development Fee or repayment of any General Partner loans) in excess of 0.005% of the Cash Flow or (ii) any Profit and Loss allocation under Article 4 (except as required under Section 704 of the Code or the Regulations thereunder) in excess of 0.005%.
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER

Section 6.1 Management of Partnership. The Partnership is managed by the General Partner, who exercises full and exclusive control over the affairs of the Partnership, subject, however, to the limitations on its authority set forth in this Partnership Agreement (including, without limitation, Section 6.2 and Section 6.3); and provided, however the General Partner acknowledges that, until the Compliance Period has expired, the Special Limited Partner and its Affiliates will have guarantee obligations and the risks and rewards associated therewith will depend on the management decisions made in connection with the Project, and accordingly, the General Partner will keep the Special Limited Partner informed of the Partnership business and affairs, and will provide the Special Limited Partner with access to the books and records relating to the Partnership and will regularly meet with and obtain input from the Special Limited Partner. The General Partner is under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike, and lawful manner and will devote such part of its time to the affairs of the Partnership as is deemed necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Partnership Agreement. The General Partner shall use its best efforts and exercise good faith in all activities related to the business of the Partnership. The General Partner shall perform services in connection with the acquisition of the Project Property, including, if applicable, negotiating the purchase agreement with the seller of the Project Property, acting on behalf of the Partnership with federal, state and local authorities with respect to the Project Property, monitoring compliance with zoning, land use and other requirements with respect to the Project Property, and preparing or causing to be prepared such third-party studies as it deems necessary in connection with the acquisition of the Project Property.

6.1.1 Notwithstanding any provision of this Partnership Agreement or the Development Fee Agreement to the contrary, during the Compliance Period the General Partner shall materially participate (within the meaning of Section 469(h) of the Code and Treasury Regulations promulgated thereunder) in the development and operation of the Project. The General Partner shall devote such time and effort as necessary to assist the Developer in the development of the Property and the Project and to operate the Property and the Project. During the development of and throughout the Compliance Period for the Project, the sole member of the General Partner shall maintain its federal tax exempt status and take such other actions under Section 42(h)(5)(c) of the Code to qualify as a qualified non-profit organization. The General Partner acknowledges that the Limited Partner is relying on the General Partner's or its sole member's participation and involvement in the Project to accomplish the development and operation of the Project. The General Partner will keep reasonable records of its hours spent participating in the Project and shall make such records available to the Limited Partner upon request.

6.1.2 Notwithstanding anything to the contrary contained in the Development Agreement, the General Partner shall engage in the following activities during the development phase of the Project:

(i) advise the Developer concerning the design of the Project as a low-income housing project;
(ii) review and approve the Project's Plans and Specifications;

(iii) approve the choice of architects and consultants with respect to the development and construction of the Project;

(iv) assist in obtaining all local approvals and permits necessary for the construction of the Project;

6.1.3 Construction of the Project. The sole member of the General Partner shall act as the Contractor in addition to its duties and responsibilities as sole member of the General Partner. The General Partner or Sponsor shall engage in the following activities during the construction phase of the Project:

(i) review and approve the submission of construction draw requests to the Construction Lender;

(ii) review and approve the choice of primary sub-contractor;

(iii) attend construction progress meetings with the subcontractors, and approve all change orders;

(iv) attend meetings with the Construction Lender.

6.1.4 Operation of the Project. The General Partner shall materially participate in all aspects of operating the Project. As stated above the sole member of the General Partner of the Partnership is a Qualified Non-profit. Notwithstanding anything to the contrary contained herein, the General Partner, or its sole member shall engage in the following activities throughout the Compliance Period:

(i) attempt to obtain grants and other subsidies from private institutions such as foundations and public entities to be used to subsidize rents for residents of the Project or otherwise reduce expenses of operations or provide amenities to the Project;

(ii) attempt to obtain development cost subsidies and rebates for the Project and residents thereof and attempt to obtain other affordable housing subsidies that will result in reduced rents for residents of the Project;

(iii) determine the particular requirements of low income families, and the manner in which the Project can be developed in a cost effective manner to best serve such needs;

(iv) consult with the Limited Partner and Special Limited Partner as requested on any matters regarding the Project and the surrounding community;

(v) use its best efforts to provide social services to the residents of the Project;
(vi) identify an appropriate package of services to be delivered to the residents of the Project based on the demographic profile of the anticipated resident community, and ultimately the actual resident community.

(vii) coordinate, on behalf of the Partnership, all relations with outside social service entities for delivery of services to the residents and coordinate with local service agencies, including housing authorities, welfare and social services departments, churches and other organizations operating for the purpose of assisting the needy, to advise such agencies about the availability of the Project as desirable housing for low-income families, and promote and encourage such agencies to refer potential tenants to the Project;

(viii) assist the Property Manager in designing its marketing and service programs.

(ix) identify and recommend target populations to the Property Manager for marketing purposes.

(x) consider ways in which the availability of the Project as suitable housing for low income families may be made more widely known in the community;

(xi) obtain information from and consult with low income tenants in the Project as to services which might be provided to such tenants by the Partnership;

(xii) obtain information from and consult with tenants concerning social and educational services from the community which might be provided to tenants at the Project;

(xiii) provide ongoing monitoring and coordination with outside groups providing the services to the project, and, at the Limited Partner's request, provide quarterly reports to the Limited Partner regarding their performance.

(xiv) maintain records and logs regarding the project's achievement of rent subsidies for targeted low income resident groups.

(xv) ensure that the Project is developed and operated as a low-income housing project in accordance with Section 42 of the Code and all rules and regulations;

(xvi) prepare, review and approve any changes to the project's marketing plan or management plan;

(xvii) perform all of its duties as the General Partner of the Partnership; and
the General Partner shall require that the Sponsor comply with all requirements to provide an ad valorem tax exemption to the Project pursuant to Section 11.1825 of the Texas Tax Code.

The General Partner acknowledges that (i) the amount of the Incentive Partnership Management Fee, of which it receives 10% of the total, is contingent upon the success of the Project, including the General Partner’s successful performance of the services listed herein; (ii) the General Partner has not been promised any definitive amount for the payment of the Incentive Partnership Management Fee; and (iii) it is aware that if the Project performs poorly it may not receive any payment pursuant to the conditions for payment of the Incentive Partnership Management Fee.

Section 6.2 Restrictions on General Partner’s Authority. Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans);

6.2.2 Do any act making it impossible to carry on the ordinary business of the Partnership;

6.2.3 Initiate any litigation or administrative proceedings on behalf of the Partnership (other than proceedings initiated in the ordinary course of the Partnership’s business such as evictions) or confess a judgment against the Partnership;

6.2.4 Use Partnership Property or assign rights in specific Partnership Property for other than a Partnership purpose;

6.2.5 Sell or otherwise transfer any interest in the Project Property or a material asset of the Partnership (other than leases of Residential Units or, where applicable, commercial space, in the ordinary course of the Partnership’s business, and a transfer pursuant to Article 9 below);

6.2.6 Incur any debt or liability (or enter into any agreement resulting in any such debt or liability being incurred) on behalf of the Partnership (i) that is not in ordinary course of the Partnership’s business or (ii) any debt or liabilities in the ordinary course of the Partnership’s business, in excess of $25,000.00 other than the Construction Loan, the Permanent Loan and the Subordinate Cash Flow Loans, and those liabilities (or agreements relating thereto) which have been disclosed to and approved in writing by the Limited Partner and the Special Limited Partner, provided, however, that in all events a Project loan or other form of financing that is secured by a mortgage, deed of trust, trust
deed or other security instrument encumbering the Project or any interest therein, including without limitation any refinancing of any existing Project debt, shall be subject to the prior written approval of the Limited Partner;

6.2.7 Acquire any interest in real property or acquire any item of personal property on behalf of the Partnership having a purchase price of more than $10,000.00, unless such acquisition is part of the development budget or annual operating budget that has been approved in writing by the Limited Partner;

6.2.8 Refinance, prepay, amend or modify any mortgage or long-term liability of the Partnership, including, without limitation the Permanent Loan or the Subordinate Cash Flow Loans;

6.2.9 Compromise any claim or liability in excess of $25,000.00 owed by or to the Partnership;

6.2.10 Make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or the Regulations, including, without limitation, any election under Section 42 or Section 754 of the Code. In this regard, the General Partner shall make (and the Limited Partner consents thereto) any elections required or permitted under Section 42 of the Code requested in writing by the Asset Manager;

6.2.11 Change any accounting method or practice of the Partnership;

6.2.12 Take any action that would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

6.2.13 Construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner);

6.2.14 Lease or otherwise operate any Tax Credit Unit in such a manner that such Tax Credit Unit would fail to be treated as a “low-income” unit under Section 42(i)(3) of the Code, or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under Section 42 of the Code;

6.2.15 Except for the Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans (including any regulatory agreements or declarations governing such loans), mortgage, pledge or encumber any interest in any Partnership Property, including, without limitation, the Project Property;

6.2.16 Cause the Partnership to make a loan of any funds belonging to the Partnership or cause the Partnership to provide a guarantee of the indebtedness of any other Person;

6.2.17 Change the nature of the business or purpose of the Partnership;
6.2.18 Hire or retain any Person to manage the Project Property or the Partnership’s business other than the Property Management Agent. The Project’s management agreement with Property Management Agent as the Project Property manager will contain the provisions specified in this Partnership Agreement, including those specified under “Property Management Agent” in the Article 1 hereof.

6.2.19 Take any action (or fail to take any action) causing or resulting in a breach of any of the representations, warranties or covenants of the General Partner set forth in this Partnership Agreement, including, without limitation, those set forth in Section 6.3.

6.2.20 Admit any other person or entity as a Partner, except as specifically permitted herein.

6.2.21 Except as permitted by Section 11.1 (pertaining to dissolution of the Partnership), take any action that may cause the dissolution of the Partnership.

6.2.22 Perform any act subjecting any Limited Partner or Special Limited Partner to liability as a general partner in any jurisdiction.

6.2.23 Deposit any Partnership funds in any bank, savings and loan, or other financial institution whose accounts are not fully insured by the Federal Deposit Insurance Corporation.

6.2.24 Commingle any Partnership funds with the funds of (1) any other partnership or limited liability company in which a General Partner is a partner or managing member, as the case may be, (2) a General Partner or any of its affiliates, or (3) any other entity.

6.2.25 Execute or deliver any assignment for the benefit of creditors.

6.2.26 Become or permit any Affiliate or any other Person related to the General Partner (within the meaning of Treasury Regulations Section 1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by the Loan Documents.

6.2.27 Modify or amend this Partnership Agreement except as authorized herein, or materially amend any fee agreement or the Construction Contract, or materially deviate from the Plans and Specifications for the construction of the Project from those provided to the Limited Partner prior to its admission to the Partnership.

6.2.28 After the Construction Completion Date, construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner) with a cost basis in excess of $25,000. If prior to the Construction Completion Date there are change orders for the approved Plans and Specifications for the Project Property, such change orders shall be permitted only with the consent of the Limited Partner, unless all of the following are satisfied: (i) an individual change is for
an amount not in excess of $25,000 and, when combined with all prior change orders, does not cause the aggregate amount of change orders to exceed $150,000, (ii) the change order does not cause a material diminishment in the construction materials or methods approved in the Plans and Specifications, and (iii) when combined with all prior change orders, the change order will not extend by more than 30 days the initial scheduled date for Construction Completion as specified in the Project documents;

6.2.29 Acquire or purchase on behalf of the Partnership any automobiles;

6.2.30 Hire any person or persons as an employee of the Partnership;

6.2.31 Enter into any contractual arrangement on behalf of the Partnership for the provision of medical services, medication management, home health care or related personal care services to the tenants of the Project. It is recognized that the term “provision of services” hereunder does not include a lease. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.32 Enter into any contractual arrangement on behalf of the General Partner for the provision of medical services, medication management, home health care or related personal care services to the tenants of the Project without the prior written consent of the Limited Partner. It is recognized that the term “provision of services” hereunder does not include a lease. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.33 Bring any claim based on any right or interest of the Partnership except in the name and for the benefit of the Partnership;

6.2.34 Cause the Partnership to pay any compensation to the General Partner or any General Partner Affiliate additional to the amounts permitted by or contemplated in this Partnership Agreement;

6.2.35 Do anything contrary to, or fail to take, any action deemed necessary or appropriate by the Limited Partner’s tax counsel to cause the Partnership to be treated as a partnership for federal income tax purposes;

6.2.36 File or cause to be filed on behalf of the Partnership a voluntary petition in bankruptcy or a petition or answer seeking a reorganization, liquidation, dissolution or similar relief under any statute, law, rule, or regulation; provided, however, the consent of the Special Limited Partner, which shall not be unreasonably withheld, denied, or delayed, shall also be required; and

6.2.37 Cause the conversion, merger, or consolidation of the Partnership into or with another entity.

The Limited Partner may specify conditions for its review of any matter requiring Limited Partner consent hereunder, including without limitation payment of fees to the
Limited Partner and reimbursement of third party costs related to such review. The Limited Partner and the Special Limited Partner may each require reimbursement from the Partnership of third party costs related to review of any matter requiring their consent under this Agreement.

Section 6.3 Representations, Warranties and Covenants of the General Partner and the Special Limited Partner. As an inducement to the Limited Partner to enter into this Partnership Agreement, and in addition to the representations, warranties, and covenants set forth elsewhere in this Partnership Agreement, the General Partner and the Special Limited Partner, as applicable, hereby make the following representations, warranties, and covenants to and with the Limited Partner. All of the representations and warranties are deemed given as of the date hereof and as of every date thereafter throughout the term of the Partnership’s existence and may be relied upon by counsel to the Limited Partner in connection with the Limited Partner’s investment in the Partnership. With respect to the representations, warranties, and covenants by both the General Partner and the Special Limited Partner, each such Partner makes such representations, warranties, and covenants as to itself and/or its Affiliates only and not as to the other Partner or that Partner’s Affiliates. In addition, the General Partner and the Special Limited Partner, as applicable, hereby agree that all of the representations, warranties, and covenants made herein may be relied upon by the Limited Partner’s tax counsel in rendering its tax opinion to the Limited Partner. Unless stated otherwise, the General Partner and the Special Limited Partner, as applicable, shall fully comply with and abide by all of these covenants at all times throughout the term of the Partnership’s existence.

6.3.1 The Partnership has received an allocation or a reservation (and has or will timely comply with all requirements necessary to receive an allocation) of Tax Credits in an amount that will deliver no less than the Projected Tax Credits to the Limited Partner, and will timely comply with all requirements set forth in the Carryover Allocation Agreement and the QAP (to the extent applicable);

6.3.2 At all times following the completion of the contemplated improvements to the Project Property, the General Partner shall operate the Project Property in order to qualify all 132 of the Residential Units in the Project Property for the Tax Credit with 100.00% of the tenants thereof qualifying under the appropriate income and rent restrictions of Section 42 of the Code as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of Section 42 of the Code renders such qualification impracticable), and in all other respects shall comply with the provision of Section 42 of the Code;

6.3.3 To the best of the General Partner’s and Special Limited Partner’s knowledge after due inquiry, and except as otherwise disclosed and certified in writing to the Limited Partner prior to the date of this Partnership Agreement, there are no actions, suits, or proceedings pending or threatened by any person or governmental authority against or affecting the Project Property, the General Partner, Special Limited Partner, or any of their Affiliates that may have a material adverse effect on the Project Property or the Partnership or on the ability of the General Partner and Special Limited Partner to perform their obligations hereunder;
6.3.4  The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability, or other charge other than costs incurred in connection with the acquisition and construction of the Project Property, operating expenses arising in the normal course of business, and those relating to the Construction Loan, Permanent Loan and Subordinate Cash Flow Loans;

6.3.5  All current leases (if any) for the Residential Units in the Project Property are and all future leases will be for an initial term of at least six (6) months;

6.3.6  The General Partner hereby represents and warrants as follows:

(i)  To the best of its knowledge, after due inquiry and investigation, except to the extent, if any, disclosed in the environmental report(s) for the Project heretofore delivered to the Limited Partner:

   (a)  the Project does not contain any Hazardous Substance;

   (b)  the Project is not in violation of any Environmental Law or any amendments of these acts or successor statutes, and no violation has occurred or is continuing; and

   (c)  the General Partner has no knowledge and has not received any notice from any source whatsoever of the actual or potential existence of any Hazardous Substances on the Project, or of a violation of any Environmental Law, and the General Partner shall throughout the term of the Partnership, notify the Limited Partner in writing of any notice it may receive that such a condition or violation exists or may exist.

(ii)  If any such hazardous condition or the presence of any Hazardous Substance is disclosed in the aforesaid environmental report(s) for the Project and such condition or substance has not already been properly encased, encapsulated or otherwise corrected in a manner consistent with federal, state or local law:

   (a)  the Project budget includes an amount necessary for recommended removal, encapsulation, or other remediation of such condition or substance and

   (b)  the General Partner will verify that rehabilitation or construction of the Project has been or is being completed in accordance with the recommendations for removal, encapsulation, or remediation of such conditions or substances and will certify to such in writing to the Limited Partner, upon completion of the rehabilitation or construction.

(iii)  The General Partner will deliver to the Limited Partner copies of all test results of materials or soils that are indicated in the environmental report(s) for the Project to be potentially hazardous or copies of any supplemental environmental report(s) that discuss the results of such tests.
(iv) The General Partner will take all actions within its control necessary to cause the Partnership to comply with and continue to comply with all ongoing or newly arising monitoring, maintenance, inspection, reporting, and remediation requirements of any applicable federal, state, or local environmental laws and regulations.

(v) If the Project has received project-based or tenant-based Section 8 rental subsidies, the Project operating budget shall include sufficient funds for the Project to comply with all applicable federal, state and local lead based paint laws and regulations.

(vi) Unless otherwise approved by the Limited Partner in writing, the aforesaid environmental report(s) are based on assessments of the Project that were performed or recertified not more than one hundred eighty (180) days prior to the date of execution of the Partnership Agreement by the Limited Partner.

(vii) The General Partner shall, to the extent any such recommendation is set forth in any of the environmental report(s) for the Project, (A) cause a qualified environmental consultant to prepare a lead and/or asbestos operations and maintenance plan for the Project Property, and (B) ensure that such plan is located in a readily accessible and appropriate area on the Project Property.

For purposes of the representations contained in this Section 6.3.6, substances known to be hazardous shall not include small amounts of chemicals, cleaning agents, or similar substances employed in routine household uses in a manner typical of occupants in other residential properties, or incidental cleaning supplies, provided that they are used at all times in strict compliance with all applicable laws and regulations and industry standards.

6.3.7 The Partnership is a duly organized limited partnership, validly existing under the Act, and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner;

6.3.8 No event has occurred that has caused and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, rather than as a partnership, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by such Limited Partner pursuant to Section 11.4 and any amount required to be repaid by such Limited Partner to the Partnership pursuant to Section 7.1 hereof and the Act;

6.3.9 The Partnership owns the fee simple interest in the Project Property including the improvements in fee simple free and clear of all liens, charges, and encumbrances other than mortgages and other security instruments securing any of the Construction Loan, Permanent Loan or the Subordinate Cash Flow Loans, the Extended Use Agreement (once in effect), and those liens, charges, and encumbrances expressly
agreed to in writing by the Limited Partner and the General Partner and set forth in the owner's title insurance policy for the Project.

6.3.10 The Project Property conforms (or will timely conform) in all respects to all applicable laws, including, without limitation, all zoning, building, health, fire, and environmental rules and regulations and there are no laws, planning rules, regulations, ordinances, requirements, or environmental laws, regulations, or procedures applicable to the Project Property that would materially inhibit or materially adversely affect the operation of the Project Property as a low income housing development;

6.3.11 The General Partner (i) has caused and will cause the Partnership to maintain with financially sound insurers with a rating of A VIII or better, as designated by A.M. Best & Company, all insurance coverage required by the Limited Partner in accordance with the Limited Partner’s current insurance standards, as posted on the NEF website (www.nefinc.org) under the portal for developers or made available to the General Partner in another manner specified in writing by the Asset Manager, and (ii) shall deliver to the Limited Partner, at least 30 days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of renewal;

6.3.12 Neither of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans nor any other loan or agreement to which the Partnership is a party, nor the General Partner’s performance of its obligations thereunder, violates or constitutes a default under any provision of law, order of court, indenture, or other instrument affecting the General Partner, the Partnership, or the Project Property or, except for the Construction Loan, Permanent Loan and Subordinate Cash Flow Loans, result in the creation or imposition of any lien, charge, or encumbrance on the Project Property;

6.3.13 The General Partner and the Special Limited Partner have provided the Limited Partner with the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all available documents pertaining to the Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans and any other information which is relevant to the construction and development of the Project Property;

6.3.14 All material information concerning the Project Property known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the General Partner and the Special Limited Partner to the Limited Partner and there are no facts or information known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the General Partner and the Special Limited Partner to the
Limited Partner with respect to the Project Property inaccurate, incomplete, or misleading in any material respect;

6.3.15 Neither the Partnership nor any Partner (nor any Affiliate of any Partner) has or will have direct or indirect personal liability as maker, guarantor, partner, or otherwise with respect to the payment of principal or interest or any other sum due under the Permanent Loan or Subordinate Cash Flow Loans except as a consequence of certain bad acts such as gross negligence and willful misconduct, which are carved-out in the non-recourse provisions of such loans. The Construction Loan is recourse as to the Partnership. As of the date of this Partnership Agreement, there are no outstanding loans or advances from the General Partner, the Special Limited Partner, nor any of their Affiliates to the Partnership and the Partnership has no unsatisfied obligations to make any payments of any kind to the General Partner, Special Limited Partner or any of their Affiliates;

6.3.16 The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership by the General Partner and the Special Limited Partner have been or will be duly authorized by all necessary corporate, limited liability company, or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under the certificate of formation or company agreement of the General Partner, the certificate of formation or company agreement of the Special Limited Partner, or any agreement by which the General Partner or the Special Limited Partner or any of their properties are bound, nor constitute a violation of any law, administrative regulations or court decree;

6.3.17 Both the General Partner and the Special Limited Partner agree that no Partner nor any Affiliate of a Partner shall be a lender to the Partnership unless, based upon the advice of tax counsel or adviser satisfactory to the Limited Partner, such loan will not likely adversely affect or cause a material re-allocation among the Partners of Tax Credits or Profits and Losses;

6.3.18 The General Partner has no knowledge of, and has not received any notices with respect to, any violations by the Partnership or the Project of federal or state law or municipal ordinances or orders or requirements of any governmental body or authority in whose jurisdiction the Project Property is subject, and the General Partner shall furnish to the Limited Partner, immediately but no later than ten business days of receipt thereof, a copy of any notice of default (or other notice of a failure to perform) under any of the Project Documents or Loan Documents given to the Partnership or the General Partner by any of the Lenders or any other party thereto;

6.3.19 There is no default existing, pending or threatened under any provision of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans, the Project Documents or any other agreement to which the Partnership is a party and the General Partner shall take all requisite action to comply with the provisions of all such loans and agreements; and, if any such default is alleged, the General Partner shall notify the
Limited Partner of such alleged default within five days of any General Partner's receipt of notification of the alleged default;

6.3.20 Both the General Partner and the Special Limited Partner agree that all appropriate roadway and public utilities, including, without limitation, telephone, sewer, water, electricity and, if applicable, gas are available or will be available in sufficient volume to the Project Property, and all easements required in connection therewith have been obtained and filed of public record and the General Partner and Special Limited Partner shall use their best efforts to keep all such utilities operating in a manner sufficient to service the Project Property and the Residential Units contained therein;

6.3.21 Both the General Partner and the Special Limited Partner agree that the construction of the Project Property will be completed in a timely and workmanlike manner by the Construction Completion Date and substantially in compliance with: (i) applicable requirements of the Construction Loan, Permanent Loan, any Subordinate Cash Flow Loans and the Project Documents; (ii) the Plans and Specifications; (iii) the Projections; (iv) the QAP (to the extent applicable); and (v) the requirements of all governmental agencies with jurisdiction over the Project Property and the development and construction thereof;

6.3.22 Both the General Partner and the Special Limited Partner agree that all building permits, environmental permits or other clearances, easements and governmental permits, licenses, and approvals required in connection with the construction, development, ownership, operation, use, and occupancy of the Project Property and all Residential Units contained therein, have been or will be timely obtained and the General Partner and the Special Limited Partner shall take all actions necessary to maintain such approvals in full force and effect;

6.3.23 No portion of the Project Property is treated as tax-exempt use property as defined in Section 168(h) of the Code;

6.3.24 No General Partner or Special Limited Partner is under any commitment to any real estate broker, rental agent, finder, syndicator, or other intermediary with respect to the Project or any portion thereof, except for arrangements disclosed in writing to the Limited Partner prior to the date hereof;

6.3.25 Unless the Projections indicate that the Project is treated as federally subsidized as defined in Section 42(i)(2) of the Code, none of the Project is financed with tax-exempt bond proceeds;

6.3.26 (I) The General Partner (i) is a limited liability company duly organized, in good standing, and validly existing under the laws of the Project State, and (ii) has full limited liability company power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner does not and will not result in any breach or violation of, or default under, any
agreements by which the General Partner is bound, or under any applicable law, administrative regulation or court decree;

(II) The Special Limited Partner (i) is a limited liability company formed, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Special Limited Partner do not and will not result in any breach or violation of, or default under, any agreements by which the Special Limited Partner is bound, or under any applicable law, administrative regulation or court decree;

6.3.27 The General Partner and Special Limited Partner have previously provided a true, complete, and current copy of the Partnership's original limited partnership agreement, together with all amendments thereto, to the Limited Partner, which original limited partnership agreement and amendments reflect all agreements among the Partners of the Partnership prior to its amendment hereby;

6.3.28 The execution and delivery of this Partnership Agreement and each of the other documents and agreements described in or contemplated by this Partnership Agreement by the General Partner and Special Limited Partner, and the performance of the transactions contemplated herein and in each such other document have been duly authorized by all requisite limited liability company actions, and will not result in the breach of or default under any agreement, mortgage or other instrument to which any General Partner or Special Limited Partner is a party or by which any General Partner or Special Limited Partner is bound;

6.3.29 This Partnership Agreement is binding upon and enforceable against the General Partner and Special Limited Partner in accordance with its terms;

6.3.30 The General Partner will not allow its sole member to transfer its interest therein without the consent of the Limited Partner;

6.3.31 The General Partner shall not, and shall cause the Property Management Agent not to, (i) cause or permit any waste or damage to the Project Property (other than ordinary wear and tear), or (ii) allow any tenant to use a Residential Unit, or, if applicable, commercial space, within the Project Property or any of the common areas in any manner which is unlawful, hazardous, unsanitary, noxious, or offensive or which unreasonably interferes with the use of the Project Property by the other tenants;

6.3.32 The General Partner shall maintain the Project Property in a decent, safe and sanitary condition;

6.3.33 The General Partner shall operate the Project Property in accordance with, and lease the Residential Units within the Project Property in compliance with, all applicable laws, regulations, ordinances, the Loan Documents, and the QAP (to the extent applicable);
6.3.34 To the best of the General Partner’s and Special Limited Partner’s knowledge, the Projections attached hereto as Appendix I are accurate, and the financial assumptions upon which such Projections are based are true and correct in all material respects as of the date hereof;

6.3.35 The General Partner and Special Limited Partner have determined that neither the General Partner, Special Limited Partner, Guarantor, nor any of the officers, directors, principals, employees or owners of the General Partner, Special Limited Partner, or the Guarantor is on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury pursuant to Executive Order 13224 and located on the internet at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx;

6.3.36 The General Partner shall, and shall cause the Property Management Agent to, operate the Project in accordance with, and lease the Residential Units in compliance with, the provisions of all federal, state and local fair housing laws prohibiting discrimination in housing on the grounds of race, color, religion, sex, familial status, national origin, or handicap, including, without limitation, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, Title VI of the Civil Rights Act of 1964 (Public Law 88-353, 78 Stat. 241), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975;

6.3.37 The General Partner shall obtain from the Property Management Agent and maintain copies of the First Year Tenant Files in a secure location under its control in accordance with requirements of Section 42 of the Code;

6.3.38 The General Partner shall deliver to the Asset Manager evidence satisfactory to the Asset Manager that the Partnership has (i) timely prepared and filed, on an annual basis if applicable, all necessary documentation for the Project to receive a 50% partial real estate tax exemption or other real estate tax relief; and (ii) received, on an annual basis if applicable, such real estate tax exemption or other real estate tax relief, within 15 days of its receipt;

6.3.39 Both the General Partner and the Special Limited Partner agree that if there are any building, multiple dwelling and/or other municipal violations filed or noted against the land on which the Project is located or the Project, including any unsafe building violation or lien as of the date hereof, such violation will be corrected upon completion of the construction substantially in accordance with the Plans and Specifications;

6.3.40 To the best of the General Partner’s and Special Limited Partner’s knowledge after due and diligent inquiry, the General Partner, the Special Limited Partner, the Partnership, its Property Management Agent, the Project Property, and all the Loan Documents and Project Documents are in compliance with all applicable federal, regional, state and local laws, rules, regulations, statutes, decisions, orders, judgments, directives, decrees, codes guidelines or ordinances of any governmental or regulatory authority, court or arbitrator;
6.3.41 No event of bankruptcy has occurred with respect to the General Partner or the Special Limited Partner or any of their Affiliates;

6.3.42 The General Partner shall promptly deliver or cause to be delivered to the Limited Partner and the Special Limited Partner, for review and approval, prior to its execution or implementation, the following Project related documents: residency service plan agreement, certificate or license, Property Management Agreement, and any other agreements or documents related to the administration of health care services to residents of the Project; provided, however, if any such agreement is dated prior to the date hereof, the parties hereto agree that, to the extent required by the Limited Partner, such agreement shall be re-negotiated to the satisfaction of the Limited Partner;

6.3.43 The General Partner shall materially participate (within the meaning of Section 469(h) of the Code and the Regulations promulgated thereunder) in the development and operation of the Project Property. During the development of, and throughout the Compliance Period for the Project Property, the General Partner shall cause its sole member to maintain its federal tax-exempt status and take such other actions as are necessary under Section 42(h) of the Code to qualify as a qualified nonprofit organization. The General Partner acknowledges that the Limited Partner is relying on the General Partner's participation and involvement to accomplish the development of the Project;

6.3.44 The General Partner shall cause the Partnership to enter into a Property Management Agreement with the Property Management Agent pursuant to the provisions set forth in Section 6.4.9 below and, if the Property Management Agent is an Affiliate of the General Partner or the Special Limited Partner, the General Partner shall ensure that such Property Management Agreement provides for the subordination of the Property Management Agent's Fee to the payment of Operating Deficits until such time as funds are available to pay such fees;

6.3.45 Any counseling, healthcare, housekeeping or similar supportive services to be provided to the residents of the Project shall be performed, unless otherwise approved by the Asset Manager, in writing, under service agreements between the General Partner or residents receiving such Supportive Services and the provider of such Supportive Services. The service provider shall be a third party other than the Partnership or the General Partner. To the extent that any services are required to be provided to the tenants of the Project by any Lender or any Project Document (including, but not limited to any Supportive Services), the General Partner shall be responsible for ensuring that such services are made available by one or more service providers to the tenants and a failure to do so will be a default under Section 10.6.1 hereof to the extent that it creates a default under any Project Document. If the costs of such services are not included in the Projections, the General Partner shall be responsible for ensuring that all such required services continue at no cost to the Partnership, and the General Partner shall guaranty that all such services will be provided, except to the extent that the Project Documents are modified, waived or released such that some or all of the services are no longer required to be provided to the tenants of the Project. In addition, to the extent any Supportive Services are provided at the Project, the General Partner shall
require the Property Management Agent to include in all residential leases for the Project a provision (to be approved by the Asset Manager prior to the provision of such services) that releases the Partnership from any liabilities or damage caused to the residents as a result of the provision of such services;

6.3.46 Both the General Partner and the Special Limited Partner agree that the Project complies with the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including, without limitation, the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted;

6.3.47 Both the General Partner and the Special Limited Partner agree that the rents charged to the tenants of the Tax Credit Units will not exceed 30% of the applicable income limitation as determined under Code Section 42(g)(1);

6.3.48 The Project has been designated by the allocating agency as needing additional credits for financial feasibility and shall be treated as if it were in a difficult to develop area as defined in Code Section 42(d)(5)(B);

6.3.49 Both the General Partner and the Special Limited Partner agree that all requirements under Code Section 42 will have been met at the time of the Project’s placement in service so that the Tax Credit Units will qualify for the Tax Credits if leased to qualified tenants pursuant to Section 42 of the Code;

6.3.50 The land on which the Project is located is, and will be at all times, properly zoned, and the General Partner and Special Limited Partner will not act or omit to act in a manner that would cause such proper zoning to be terminated;

6.3.51 The General Partner shall promptly correct all building code and Environmental Law violations, including any such violations that occur during the construction or rehabilitation of the Project;

6.3.52 If so required under this Agreement, the General Partner shall and shall cause the Partnership to perform all radon mitigation, testing, evaluation and/or remediation pursuant to and in accordance with all appropriate federal, state, and local laws, regulations, guidelines, and requirements;

6.3.53 The General Partner shall and shall cause the Partnership to comply with all provisions contained in the Carryover Allocation Agreement and the application for Tax Credits submitted to the State Housing Finance Agency as to which the State Housing Finance Agency awarded points pursuant to its scoring or award procedures;

6.3.54 The General Partner and the Special Limited Partner shall and shall cause the Partnership, each of their respective Affiliates, the Sponsor, and the Guarantor, to comply with the Money Laundering Control Act, Executive Order 13224, USA Patriot Act of 2001 (Public Law 107-56), and all federal regulations issued with respect thereto,
which shall include, but not be limited to, providing to each Project lender the names, addresses, tax identification numbers and/or such other identification information concerning the Partnership, the General Partner, the Special Limited Partner, any of their respective Affiliates, the Sponsor, or the Guarantor, as shall be necessary for each Project lender to comply with federal law;

6.3.55 The General Partner shall cause the Accountant to prepare the Partnership's financial statement in accordance with GAAP and to comply with any instructions received from the Limited Partner concerning depreciation periods to be used for real and personal property in accordance with GAAP.

6.3.56 No Foreign Drywall was used or will be used in the construction and/or rehabilitation of the Project;

6.3.57 The General Partner shall deliver to the Limited Partner within 30 days of the date first set forth above, the Owner's Title Insurance Policy;

6.3.58 The General Partner shall (i) cause the Partnership to pay, on or prior to any applicable due date related thereto, any and all taxes, fees, and impositions, including but not limited to, transfer taxes, stamp taxes, and other related costs or charges incurred by or to be incurred by the Partnership in connection with the acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property; and (ii) promptly deliver to the Limited Partner satisfactory evidence of such payments, including but not limited to, any state and/or local transfer tax declarations; provided, however, that if the acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property is exempt from any such aforementioned taxes, then the General Partner's counsel shall deliver a letter to the Limited Partner (and its successors and/or assigns) setting forth the basis of such exemption, which shall also include a copy of any filings required to support such exemption;

6.3.59 To the extent not inconsistent with the Loan Documents and unless otherwise directed in writing by the Limited Partner, the General Partner shall promptly apply all proceeds of insurance and condemnation awards to the restoration and rebuilding of the Project, provided that such proceeds shall be applied in accordance with (i) all requirements of any applicable laws, rules, regulations, and ordinances, and (ii) plans and specifications previously approved by the Limited Partner;

6.3.60 The aggregate Projected Tax Credits applicable to the Project which are anticipated to be available to the Partnership for the Credit Period is $15,000,000;

6.3.61 The General Partner has made the Section 168(h)(6) Election and the election to be taxed as a corporation in the manner and within the timeframes described by the Accountant in the Accountant's Section 168(h) Certificate.

6.3.62 If the General Partner is required by the terms of this Agreement to make an additional Capital Contribution in the performance of its obligations hereunder, the General Partner shall give the Limited Partner ten business days prior written notice.
and the Limited Partner shall have the right, based on the advice of its tax counsel, to provide written direction to the General Partner within such ten business day period confirming that the action to be taken shall be structured as the making of a Capital Contribution or redirecting the General Partner to structure the action as a loan to the Partnership in the same amount in lieu of a Capital Contribution. The General Partner agrees to abide by such direction from the Limited Partner, provided that if the Limited Partner fails to respond to the General Partner’s notice within such ten business day period, the General Partner may proceed to satisfy its obligations by making the additional Capital Contribution in accordance with the terms of this Partnership Agreement; and

6.3.63 The General Partner hereby represents and warrants as follows:

(i) The General Partner shall not engage, has not engaged and does not engage, in any business other than being the General Partner of the Partnership;

(ii) The General Partner shall not enter into and has not entered into any contract or agreement with any affiliate of the General Partner, any constituent party of the General Partner, or any affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm’s length basis with third parties other than any such party;

(iii) To the extent that the General Partner and any of its Affiliates: (a) occupy any premises in the same location; (b) share the same officers and other employees; (c) jointly contract or do business with vendors or service providers or share overhead expenses; and (d) contract or do business with vendors or service providers where the goods or services are wholly or partially for the benefit of its Affiliates, the General Partner, to the extent that the General Partner is liable for any such expenses, has and shall always allocate fairly, appropriately and nonarbitrarily any expenses and costs among and between such entities with the result that each entity bears its fair share of all such rent and expenses;

(iv) The General Partner has and shall continue to pay its debts and liabilities from its own assets as the same shall become due; provided, however, that the foregoing shall not be construed as a guaranty of the Partnership’s obligations except as expressly provided in this Partnership Agreement. No Affiliate has paid any debts or liabilities on behalf of the General Partner;

(v) The General Partner has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any Affiliate;

(vi) The General Partner has and shall continue to maintain separate annual financial statements prepared in accordance with GAAP, showing its assets and liabilities separate and distinct from those of any other entity; in the
event the financial statements of the General Partner are consolidated with the financial statements of any other entity, the General Partner has and shall continue to cause to be included in such consolidated financial statements: (a) a narrative description of the separate assets, liabilities, business functions, operations and existence of the General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (b) a statement that the General Partner’s assets and credit are not available to satisfy the debts of such other entity or any other person;

(vii) The General Partner has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law;

(viii) The General Partner has and shall continue to (a) hold itself out as an entity separate and distinct from any other Person; (b) not identify itself or any of its Affiliates as a division or part of the other; (c) correct any known misunderstanding regarding its separate status; and (d) use separate stationery, invoices, checks, and the like bearing its own name;

(ix) The General Partner has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of the General Partner are to be addressed and mailed directly to the General Partner, though this provision shall not prohibit such mail to be delivered to the General Partner c/o any other entity;

(x) The General Partner has and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations consistent with the requirements of this Partnership Agreement;

(xi) The General Partner has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or Affiliate;

(xii) The General Partner has and shall continue to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party;

(xiii) The General Partner has not and shall not (a) assume or guaranty the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership, (b) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership (whether by operation of law or otherwise), (c) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to
occurs, or do hold the Partnership’s credit as being available to satisfy the obligations of any other Person; and

(xiv) All transactions carried out by the General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the General Partner.

Section 6.4 Specific Obligations of General Partner. The General Partner shall, on behalf of and in the name of the Partnership and in addition to any obligations placed upon it elsewhere in this Partnership Agreement, have the following specific obligations:

6.4.1 Securities Law Matters. The GeneralPartner shall prepare and file appropriate reports for the Partnership, if any, with the Securities and Exchange Commission and state securities administrators.

6.4.2 Limited Partnership Status. The General Partner shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and (ii) take or cause the Partnership to take all reasonable steps deemed necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal and state income tax purposes.

6.4.3 Tax Matters Partner. For the purposes of Subchapter C of Chapter 63 of the Code, the General Partner shall serve as the Tax Matters Partner of the Partnership and, as such, has all of the rights and obligations given to a Tax Matters Partner under said Subchapter. Notwithstanding anything to the contrary contained herein, the General Partner, in its capacity as the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or
(vi) Take any other action that would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners or otherwise have a material adverse effect on any tax matters affecting the Partnership and its Partners.

The General Partner shall keep the Limited Partner and the Special Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner and the Special Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

6.4.4 Governmental Filings. The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall cause the Partnership to comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

6.4.5 Bank Accounts. The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership's business. The Partnership's funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account having a balance in excess of the maximum insured amount, or in Temporary Permitted Investments. If the Partnership incurs any loss due to any Partnership funds being deposited in FDIC insured accounts with balances in excess of the maximum insured amount and that are not Temporary Permitted Investments, the General Partner and the Guarantor (pursuant to the Guaranty Agreement) shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

6.4.6 Guaranties. The General Partner shall have the following guaranty obligations.

(i) Development Completion Guaranty.

(a) The General Partner hereby absolutely and unconditionally guaranties to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics', materialmen's, and similar liens, in accordance
with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans and this Partnership Agreement, will be equipped with all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections. The obligations of the General Partner under the Development Completion Guaranty shall be unlimited in amount and shall include, without limitation, the obligation to provide all funds (a) required of the Partnership to complete construction of the Project Property and to repair any latent defects that occur within one year of completion of construction (to the extent not then available under the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans or Capital Contributions), (b) needed for unanticipated or additional development or construction costs, on- and off-site escrows, taxes, insurance premiums, interest, funding of Operating Deficits, reserves, escrows, legal expenses, and accounting expenses until the Project achieves Stabilized Occupancy, (c) needed for repayment in full of the Construction Loan and (d) required to pay the Right-Sized Payment Amount and any other amounts due from the General Partner under Section 6.4.6(i)(b) hereof. The repayment of any borrowings arranged by the General Partner to fund its obligations under this Section 6.4.6(i) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(i) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner or any of its Affiliates, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(b) If, immediately prior to the conversion of the Construction Loan to the Permanent Loan, the Right-Sized Permanent Loan Amount is less than the Permanent Loan amount that is set forth in the Projections (the difference between the two amounts being referred to herein as the "Right-Sized Payment Amount"), then the amount of the Permanent Loan shall be reduced to the Right-Sized Permanent Loan Amount and the General Partner shall be required, as part of its Development Completion Guaranty, to provide funds to the Partnership in an amount equal to the sum of (a) the Right-Sized Payment Amount plus (b) an amount equal to any penalties or premiums the Partnership is obligated to pay to the Permanent Lender due to the reduction of the Permanent Loan amount to the Right-Sized Permanent Loan Amount. Any funds provided by the General Partner in accordance with the preceding clause (b) shall be promptly paid by the Partnership to the Permanent Lender. If, however,
the Partnership is prohibited from reducing the amount of the Permanent Loan pursuant to the Permanent Loan Documents, then the General Partner using its own funds shall deposit into the Operating Reserve Account an amount equal to the Right-Sized Payment Amount.

(ii) **Operating Deficit Guaranty.** The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this Section 6.4.6(ii) shall be the sole obligation of the General Partner. Subject to Section 6.4.6(iii) below, funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(ii) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the Operating Deficits overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) **Cumulative Guaranty Obligations.** The various guaranty obligations under this Section 6.4.6 are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

6.4.7 **Required Reserves.**

(i) **Lease-up Reserve.** The General Partner shall establish a lease-up reserve, which shall be used only to fund operating Deficits incurred by the Partnership prior to the commencement of the Operating Deficit Guaranty Period. The Lease-up Reserve shall be funded from Limited Partner’s Second Installment of Project Equity in the amount of $300,000.00, held in a separate bank account controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the beginning of the Operating Deficit Guaranty Period. The General Partner shall report on disbursements from the Lease-up Reserve in the quarterly management reports provided to the Asset Manager in accordance with Section 8.2.2. Any disbursement from the Lease-up Reserve by the General Partner for any purpose other than funding Operating Deficits prior to the Operating Deficit Guaranty Period shall constitute an Event of Default under Section 10.6.1. The obligations related to the Lease-up Reserve are in addition to, and not in place of, those of the General Partner pursuant to Sections 6.4.6(i) and 6.4.6(i)(a) above. If, on the date that the Partnership achieves Stabilized Occupancy there are any funds remaining in the Lease-up Reserve Account, those funds shall, subject to
any required Lender consent and after being used to fund any amounts identified in Section 3.2.7(v)(A) and (B), be used to fund up to $200,000 of the incentive construction oversight fee contemplated in Section 3.2.7(v) hereof, and then the remainder shall be deposited into the Replacement Reserve Account described below, in addition to the amounts required to be deposited in the Replacement Reserve Account pursuant to Section 6.4.7(ii), below.

(ii) **Operating Reserve.** The General Partner shall establish an operating reserve to fund operating deficits incurred by the Partnership. The Operating Reserve shall be funded from Limited Partner’s Fifth Installment of Project Equity in the amount of $481,483.00, held in a separate bank account, controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the end of the Project’s Compliance Period. Throughout the Compliance Period, the General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow in accordance with Section 5.1 hereof or from sales or refinancings (prior to the distribution of Net Cash from Sales and Refinancings). Withdrawals from the Operating Reserve Account will require the prior written approval of the Asset Manager (except in the event of an emergency that has an immediate impact on the safety of the residents or structural integrity of the Project, in which case the General Partner shall, within five business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Operating Reserve Account and the purpose for which such withdrawal was made). If the Operating Reserve Account is under the control of a Project lender, the General Partner shall first secure the approval of the Asset Manager prior to obtaining the consent of the Project lender. Within 30 days of Receipt and approval by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such 30-day period, the withdrawal request will be deemed to be approved. Upon depletion of all of the funds in the Operating Reserve Account, any continuing shortfalls shall be funded pursuant to the Operating Deficit Guaranty described above in Section 6.4.6(ii). Notwithstanding anything to the contrary in this Section 6.4.7(ii), beginning in the 11th year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to use up to 20.00% of any funds remaining in the Operating Reserve Account for each remaining year of the Compliance Period for the sole purpose of funding capital improvements and repairs to the Project, in accordance with Section 6.4.7(iii) below; provided, however, that (A) the Operating Reserve Account on the first day of the 11th year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.15 or better for the immediate prior 24 months (during which time there had been no draws upon the Operating Reserve Account), and (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio
of 1.15 or better for the remaining term of the Compliance Period. Any excess funds remaining in the Operating Reserve Account at the end of the Compliance Period shall be released from the Operating Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to Section 5.2 and Section 11.2 hereof. Any funds in the Operating Reserve Account still remaining after the Limited Partner’s exit taxes have been paid shall be distributed to the Partners in accordance with Section 5.2 and Section 11.2 hereof.

(iii) **Replacement Reserve.** The General Partner shall establish a replacement reserve to fund capital improvements and repairs to the Project. The General Partner shall fund the Replacement Reserve with proceeds from Gross Cash Receipt beginning on January 1st of the year immediately following the year in which the Project is Placed in Service. The Replacement Reserve shall be held in a separate bank account (the “Replacement Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained throughout the Project’s Compliance Period. The General Partner will be required to fund the Replacement Reserve Account on a cumulative basis, annually, in an amount equal to the greater of $250 per unit per year (to be increased annually by 3%) or such amount as required by any Project lender, from Gross Cash Receipts prior to distribution of Cash Flow. Withdrawals from the Replacement Reserve Account during any calendar year that in the aggregate exceed the lesser of $6,000.00 or 10.00% of the amount of any remaining funds in the Replacement Reserve Account at such time, shall require the written approval of the General Partner and the Asset Manager. Within ten business days of Receipt and approval by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such ten-business-day period, the withdrawal request will be deemed to be approved. Any funds remaining in the Replacement Reserve Account at the end of the Project’s Compliance Period shall, subject to any required Lender consent, be released from the Replacement Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to Section 5.2 and Section 11.1 hereof. Any funds still remaining in the Replacement Reserve Account after the Limited Partner’s exit taxes have been fully paid shall, subject to any required Lender consent, be distributed to the Partners in accordance with Section 5.2 hereof (in the case of a sale of the Project), or in accordance with Section 11.2 hereof (in the case of the dissolution of the Partnership). After the completion of the seventh year of the Project’s Compliance Period, the Asset Manager shall have the right to require a physical assessment of the Project pursuant to which the amount required to be maintained in the Replacement Reserve Account may be increased at the reasonable discretion of the Asset Manager.

The above reserves shall be held in segregated interest bearing accounts (the Lease-up Reserve, if applicable, may be held in the same account as the
Operating Reserve). Any failure to obtain any required approval of the Asset Manager or failure to provide the Asset Manager with proper notice shall constitute an Event of Default under Section 10.6 below. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership.

6.4.8 **Qualified Occupancy.** The General Partner shall use its best efforts to cause the Project Property to achieve Qualified Occupancy on or before the Qualified Occupancy Date.

6.4.9 **Property Management.** The General Partner, on behalf of the Partnership, shall enter into a Property Management Agreement with the Property Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and the Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Property Management Agent under the Property Management Agreement and shall perform all of the Partnership’s obligations as owner thereunder, subject to the following terms and conditions:

(i) **Renewal or Successor Agreements.** Upon the termination of such Property Management Agreement or any subsequent Property Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially from the initial Property Management Agreement in Property Management Agent obligations and owner remedies, or in any other respect, with the same Property Management Agent or another Property Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) **Notice and Consultation.** If the General Partner wishes to enter into a new form of management agreement or retain the services of a different Property Management Agent, it shall give the Asset Manager and the Special Limited Partner at least 30 business days prior written notice of the proposed change, accompanied by a copy of any proposed new Property Management Agreement and a written description of the identity and qualifications of any proposed new Property Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) **Asset Manager Consent.** Under any circumstances, the General Partner shall not enter into a new management agreement materially different from the initial Property Management Agreement in any respect without the prior written consent of the Asset Manager as to the form and content of such new management agreement, nor shall the General Partner retain the services of a property management agent other than a property management agent previously approved by the Asset Manager without the prior written consent of the Asset Manager as to the identity and qualifications of such new property management
agent, provided such consent shall not be unreasonably withheld, conditioned or delayed. For purposes of this provision, a management agreement shall be deemed to be materially different if the agreement involves a change in the parties, services or fees to be provided to the Property Management Agent.

(iv) **Termination of Non-Performing Property Management Agent.** If the Property Management Agent fails to perform any of its obligations under the Property Management Agreement, whether general or specific obligations, in any material respect, including without limitation, failure to capably manage the Project as measured by sustained high Project vacancies, delinquent rents, or Operating Deficits (in each case beyond levels specified in the Projections), inadequate maintenance, or failure to qualify tenants under low-income housing tax credit requirements, or repeated failure to provide or unreasonable delay in providing accurate financial or operating reports to the General Partner and the Limited Partner, the General Partner shall promptly comply with the terms of the Property Management Agreement regarding notice to the Property Management Agent and its opportunity to cure. The General Partner shall also simultaneously provide the Asset Manager and the Special Limited Partner with a copy of this notice and any documentation explaining why the Property Management Agent should not be terminated for cause. Upon expiration of the applicable cure period, and the failure of the Property Management Agent to cure its breach of the Property Management Agreement, the General Partner shall consult with the Asset Manager as to whether or not the Property Management Agent should be retained and, if so, under what terms and conditions. Unless within ten business days of the delivery of this notice the Asset Manager consents in writing to the retention of the Managing Agent, the General Partner shall terminate the Property Management Agent for cause, in accordance with the terms of the Property Management Agreement. The General Partner shall also immediately enter into a new Property Management Agreement with a substitute Property Management Agent, subject to the prior written consent of the Asset Manager. For purposes of this Section 6.4.9(iv), cause shall include, but not be limited to, any one of the following: (a) failure to promptly and competently perform (after any applicable notice and within the applicable cure period) all duties of the Property Management Agent under the Property Management Agreement with the Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax Credits in any calendar year, (c) failure to materially comply with the record keeping, tenant qualification and rental requirements of the Extended Use Agreement and Section 42 of the Code and the Regulations, rulings, and policies related thereto, (d) material mismanagement of the Project, or (e) if the Property Management Agent is an Affiliate of the General Partner, removal of the General Partner pursuant to Section 10.6 hereof.

(v) **Removal of Non-Complying General Partner.** If the General Partner fails to comply with any of the requirements of this Section 6.4.9, it may be removed for cause pursuant to Section 10.6 hereof.
All Property Management Agreements shall contain specific provisions requiring the Property Management Agent to rent to low-income tenants at the level required to maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for tax credit purposes, to deliver certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for low-income housing tax credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by Section 6.4.12 hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Property Management Agent is the General Partner, the Special Limited Partner, or their Affiliate, each management agreement shall provide that the property management agent’s monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

6.4.10 Cooperation with Asset Manager. The General Partner shall cooperate and shall cause the Property Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations. In the event that the Asset Manager is replaced or substituted by the Limited Partner, in its sole and absolute discretion, all rights, duties and obligations of the Asset Manager shall be assumed by and inure to the benefit of any such substitute or replacement Asset Manager upon delivery of notice by the Limited Partner to the General Partner of such replacement or substitution.

6.4.11 Rental Program. The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall (i) use its best efforts to achieve Qualified Occupancy (as defined in Article I) within the time specified in the Projections; (ii) comply with the rent schedule set forth in the Projections; (iii) cause to be kept all records of rental and occupancy throughout the Compliance Period; (iv) cause the Property Management Agent to comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a low-income housing tax credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project; and (v) take such other actions required under Section 6.4.12 below to claim all available tax benefits in connection therewith. The General Partner and the Property Management Agent shall comply with all income certification or other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a Tax Credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project.
6.4.12 **Tax Benefits Requirements.** The General Partner acknowledges that it is of great importance that the Tax Credits and all other tax benefits contemplated in the Projections be achieved and maintained. Accordingly, the General Partner agrees as follows:

(i) **No Delays.** The General Partner shall not cause or suffer any delay in Placement in Service or Qualified Occupancy that would reduce such anticipated tax benefits.

(ii) **Record-Keeping.** The General Partner shall cause to be kept all records and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income levels of tenants, set-aside for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits and any other available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The minimum low-income set-aside requirement specified in the Projections was elected in the application for Tax Credits and may not be changed.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, upon the request of the Limited Partner or subject to the approval of the Limited Partner, to claim such Tax Credits for each Building in the Project commencing with the earlier of the year in which Qualified Occupancy for such Building is achieved or (if the Partnership, with the express consent of the Limited Partner, makes a timely election pursuant to Code Section 42(f)(1)(B)) the year succeeding the year in which Placement in Service occurs. Subject to the foregoing, the General Partner shall develop and lease the Project so that the initial year during which such Tax Credit is claimed will be no later than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after Qualified Occupancy has occurred and annually thereafter, prior to the times such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

   (a) cause the Partnership's Property Management Agent to submit to the Partnership the certifications and all other applicable materials related to low-income leasing described in Section 6.4.11 hereof;

   (b) check and verify the same against leases, certifications, and other appropriate back-up materials to the extent necessary or advisable to determine with reasonable assurance that the low-income leasing requirements have been met for Tax Credit purposes; and

   (c) execute and deliver to the Limited Partner a certification, in form reasonably acceptable to the Limited Partner, stating that the General Partner has complied with the foregoing requirements and attaching copies
of the managing agent's certification and rent roll in a format reasonably acceptable to the Limited Partner.

The General Partner's initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) **Cost Accounting.** As soon as feasible after Placement in Service has occurred, prior to the time such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(a) cause the Accountant to submit to the General Partner a letter, as required by the State Housing Finance Agency and in a form and content reasonably acceptable to the Limited Partner, certifying that the Accountant has examined the Partnership's books and records for the Project and, subject to any changes in facts or applicable law, is prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(b) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant's letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) **Tax Filings.** The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with Section 8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609.

(viii) **Compliance Certifications.** The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within 90 days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the Compliance Period for such Tax Credit, or such other time periods as may hereafter be required by the Code or Regulations thereunder for such Tax Credit.

(ix) **Notice of Tax Benefits Reduction.** In the event at any time it becomes apparent to the General Partner that the tax benefits projected in the
Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.

(x) **Consequences of Tax Benefits Reduction or Delay.** In the event there is a reduction or delay of tax benefits, then the provisions of Section 6.9 hereof relating to reduction in the amount of remaining installments of Limited Partner’s Capital Contributions and other consequences described therein shall govern where applicable.

(xi) **Extended Use Agreement.** The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to Section 42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under Section 42 of the Code.

(xii) **Local Code Compliance.** The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to Section 42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the Architect or the project general contractor to certify upon completion of the Project that such building code and Environmental Law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner's title insurance policy indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiii) **Carryover Allocation Agreement.** The General Partner shall obtain from the State Housing Finance Agency and shall deliver to the Limited Partner within 10 days after receipt of each of the following:

(a) a Carryover Allocation Agreement and the Accountant’s Carryover Certification which states that the Partnership’s basis in the Project, as of the dated required under Section 42(h)(1)(E)(ii) of the Code, was greater than 10.00% of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded; or

(b) a reservation of Tax Credits, provided that:
(1) the General Partner shall deliver or cause to be delivered to the Limited Partner the Accountant’s Carryover Certification 30 days prior to the date specified by the State Housing Finance Agency for the required Accountant’s Carryover Certification to be submitted to the State Housing Finance Agency; and

(2) the General Partner shall deliver a copy of the Carryover Allocation Agreement to the Limited Partner and the Special Limited Partner within 30 days from the date that such Carryover Allocation Agreement is delivered to the Partnership.

(xiv) **Depreciation Schedule.** The General Partner shall take all acts and make any necessary filings or elections to cause the Project’s improvements to be depreciated for tax purposes in accordance with the Projections and shall not take any action or permit any event or circumstances to occur which would cause depreciation of the Project’s improvements to be changed therefrom. The General Partners shall cause to be kept adequate records of any such filings or elections and all other matters applicable to the Partnership’s depreciation of the Project’s improvements.

6.4.13 **Mold Inspections.** The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any material amount of mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

**Section 6.5 Fees for Services Rendered.** The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

6.5.1 **Development Fee.** As provided in the Development Agreement and Section 3.2 hereof, the Partnership shall pay the Development Fee to the Developer for the services and obligations described in the Development Agreement.

6.5.2 **Supplemental Development Fee.** As provided in the Development Agreement, the Partnership shall pay the Supplemental Development Fee to LifeNet Community Behavioral Healthcare pursuant to the terms of, and for the services and obligations described in, the Development Agreement.

6.5.3 **Asset Management Fee.** The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, tax credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager’s performance or failure to perform its asset management services. The Asset Manager
owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.

6.5.4 Disposition Fee. The Partnership shall pay the Asset Manager a Disposition Fee equal to $25,000 at the time of closing of the sale of the Project (out of the net sales proceeds) for the Limited Partner’s interest in the Project.

6.5.5 Incentive Partnership Management Fee. The Partnership shall pay an Incentive Partnership Management Fee, on an annual, non-cumulative basis, in the amount and priority specified in Section 5.1.1 hereof to compensate the General Partner for monitoring the activities of the Partnership, supervising the Property Management Agent, and reporting to the Asset Manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period.

6.5.6 Guaranty Procurement Fee. The Partnership shall pay a Guaranty Procurement Fee, on an annual, non-cumulative basis, in the amount and priority specified in Section 5.1.1 hereof to compensate the Special Limited Partner for obtaining the Guarantor’s guarantees under the Guaranty Agreement and negotiating the terms of that agreement on the behalf of the Partnership.

6.5.7 Other Considerations.

(i) The Development Agreement and any other agreements entered into by the Partnership and the General Partner, the Special Limited Partner, or any of their Affiliates thereof will specifically provide that such agreement shall be terminable, with respect to each of them, at the election of the Limited Partner if the General Partner or Special Limited Partner is removed pursuant to Section 10.6 hereof (provided that such termination shall only be with respect to the Partner or its Affiliates that is removed, and not the other Partner) and that, from and after the delivery of notice of such removal pursuant to Section 12.1 hereof, the General Partner’s or Special Limited Partner’s obligation to make an additional Capital Contribution in accordance with Section 3.1.5 in the amount of the outstanding balance of the Deferred Development Fee and any accrued and unpaid interest thereon shall be accelerated, and the General Partner or Special Limited Partner, as applicable, shall be obligated to make such additional Capital Contribution within five business days after delivery of notice of removal; provided that the acceleration of such obligations shall only be with respect to the portion of the Deferred Development Fee owed to the Affiliated Developer of the Partner that is being removed. The Partnership shall use this Capital Contribution to pay the remaining balance of the Deferred Development Fee (or portion thereof to the Affiliated Developer of the removed Partner, as applicable) and any accrued and unpaid interest thereon, and if the General Partner or Special Limited Partner, as applicable, fails to pay this additional Capital Contribution in full within such five-business-day period, the Partnership shall receive a dollar credit for payment of the applicable portion of the Deferred Development Fee and accrued and unpaid interest thereon for each dollar by which the amount of the
additional Capital Contribution so paid by the General Partner or Special Limited Partner, as applicable, is less than the required payment amount. Once proceeds of the General Partner’s or Special Limited Partner’s additional Capital Contribution or any such credits, or both, have been so applied, the Partnership shall have no obligation to make any further payments to the General Partner or Special Limited Partner that is being removed, or any respective Affiliate thereof for fees that would otherwise be due and payable pursuant to such agreement, provided that the foregoing shall not affect the continued payment of fees to the Partner (and its Affiliates) that is not being removed.

(ii) None of the fee payments or reimbursements to any of the Persons indicated in Section 6.5 or elsewhere in this Partnership Agreement will be considered a distribution of Cash Flow to any Partner pursuant to Section 5.1.2, and, except as otherwise specifically provided herein, the General Partner may make any such reimbursement or fee payment prior to any distribution of any Cash Flow to the Partners.

Notwithstanding anything to the contrary herein, the sum of (a) the Incentive Partnership Management Fee, plus (b) any other incentive fees, plus (c) if the Property Management Agent is an Affiliate of the General Partner, the fee payable to the Property Management Agent pursuant to the Property Management Agreement, shall not exceed 12.00% of the gross income of the Partnership, adjusted for regional variations. Any amounts in excess of 12.00% of the gross income of the Partnership, shall be distributed to the General Partner and Special Limited Partner as a distribution rather than a fee.

Section 6.6 Outside Ventures of Partners. Any Limited Partner or Affiliate of the General Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any General Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

Section 6.7 Dealing With Affiliates. The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

Section 6.8 Indemnification of Partnership and Limited Partner. 6.8.1 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages including foreseen and unforeseen damages and
consequential damages) arising directly or indirectly out of the presence on, under, or about the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

6.8.2 In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses including reasonable attorneys' fees, damages, or liabilities incurred by the Limited Partner upon demand by the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification obligations of the General Partner and Special Limited Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership's business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this Section 6.8.2 to the Limited Partner shall include each of the Limited Partner's assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and the Special Limited Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner and Special Limited Partner. The indemnification authorized by this Section 6.8.2 shall include, but not be limited to, the costs and expenses (including reasonable attorneys' fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action. The parties hereto agree and acknowledge that the Limited Partner's exercise of the rights and approvals reserved to the Limited Partner under this Partnership Agreement shall not constitute participation in the control of the Partnership's business for purposes of this paragraph.

6.8.3 The General Partner shall defend, indemnify, and hold harmless the Partnership, the Limited Partner, the Special Limited Partner, and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, of the General Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the General Partner, or breach of any or all of the representations, warranties, covenants, and agreements contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner, and/or the Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner's reach
of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner's deferral of the payment of its Capital Contribution pursuant to Section 3.2. The General Partner shall defend, indemnify and hold harmless the Limited Partner and the Special Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Special Limited Partner, and the Limited Partner, has made a determination that such liability is the result of actions taken by the Limited Partner or Special Limited Partner or rights exercised by the Limited Partner or Special Limited Partner with respect to the operation of the Limited Partner or Special Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The General Partner's obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.4 The Special Limited Partner shall defend, indemnify, and hold harmless the Partnership, General Partner and Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of the Special Limited Partner's gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the Special Limited Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof. In addition to the foregoing indemnification, the Partnership, General Partner and/or the Limited Partner may pursue any other available legal or equitable remedy against the Special Limited Partner with respect to the Special Limited Partner's breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner's deferral of the payment of its Capital Contribution pursuant to Section 3.2. The Special Limited Partner shall defend, indemnify and hold harmless the General Partner and Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and the Special Limited Partner, has made a determination that such liability is the result of actions taken by the General Partner or Limited Partner or rights exercised by the General Partner or Limited Partner with respect to the operation of the Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The Special Limited Partner's obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.5 Subject to the extent of any amount of insurance proceeds received by the Partnership in respect of any insurance policy insuring the acts of the General Partner in its role as a general partner, the General Partner shall not be liable, responsible or accountable in damages or otherwise to any to the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of authority granted to it by this Partnership Agreement and in the best interest
of the Partnership; provided, however, such insurance proceeds are applied towards and in satisfaction of any liability or obligations to the Partners for which the insurance proceeds were paid, and such acts or omission was not attributable to any negligence, willful breach, misconduct, fraud or any breach of fiduciary duty on the part of the General Partner.

6.8.6 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the use of Foreign Drywall in the construction of the Project.

Section 6.9 Credit Adjusters.

6.9.1 Permanent Reduction in Tax Credits. If, as of the end of the first year of the Credit Period and based upon the Cost Certification prepared by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period, then there will be a reduction in the Limited Partner’s Capital Contribution in an amount equal to the product of (i) the Permanent Credit Reduction and (ii) $1.04. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (a) the actual Applicable Percentage being less than projected; (b) the actual Eligible Basis being less than projected; (c) the actual Qualified Basis as of the end of the first year of the Credit Period being less than the projected Qualified Basis; (d) the actual final allocation of Tax Credits as indicated on Form 8609 being less than the Projected Tax Credits; or (e) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner’s Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner’s tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment. In the event that any
Capital Contribution installments are reduced or General Partner and Special Limited Partner payments are required to be made under this Section 6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the Projected Tax Credits and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Partnership Agreement.

6.9.2 **Timing Difference in Tax Credits (Downward).**  If, for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, any portion of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during such Projected First Tax Credit Year and the Projected Second Tax Credit Year, but must be delayed and taken in a later year or years of the Compliance Period, then the Limited Partner shall be entitled to reduce its Capital Contribution by an amount equal to $.42 times the amount by which the Projected Tax Credits for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, respectively, exceed the Actual Tax Credits for such years. This Timing Reduction is intended to compensate the Limited Partner for the reduced present value of such delayed Tax Credits, while taking into account the Tax Credits the Limited Partner may be entitled to receive no later than the 11th and 12th years of the Compliance Period. No adjustment shall be made under this Section 6.9.2 for any shortfall in Tax Credits for which an adjustment is already made pursuant to Section 6.9.1. In the event that there are no remaining Limited Partner Capital Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing Reduction against the remaining Limited Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Timing Reduction, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner's Tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Timing Reduction. In the event that a Timing Reduction is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.3 **Ongoing Tax Credit Shortfall.**  If, for any Fiscal Year after the Projected First Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are less than the Projected Tax Credits (as adjusted in any revised Projections prepared pursuant to Section 6.9.1 or Section 6.9.2) for such Fiscal Year or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner's Partnership Interest) all or any part of the Tax Credits claimed by it in any prior Fiscal Year of the Partnership (the Credit Shortfall), then, at the option of the Limited Partner, the Limited Partner's Capital Contributions shall be reduced in chronological order in an amount equal to the Credit Shortfall divided by the sum of 1.00 times the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections prepared in connection with Section 6.9.1 or Section 6.9.2) for the Fiscal Year and all subsequent Fiscal Years, and (B) the Actual Tax Credits for such Fiscal Year.
and the Tax Credits projected by the Accountant as being available to the Limited Partner for all subsequent Fiscal Years, and (ii) the amount of the Tax Credits recaptured in such Fiscal Year, plus the amount of any interest or penalty payable by the Limited Partner as a result of the recapture. In the event there are no remaining Capital Contributions or the Credit Reduction Payment exceeds the amount of remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Credit Reduction Payment against the remaining Limited Partner Capital Contribution payments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be immediately distributed to the Limited Partner and shall neither constitute nor be limited by the distribution limits for Cash Flow, pursuant to Section 5.1 hereof, or for Net Cash from Sales and Refinancings, pursuant to Section 5.2 hereof, unless it is determined by the Limited Partner’s counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Credit Reduction Payment hereof. In the event that a Credit Shortfall is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.4 Permanent Increase in Tax Credits. If it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be greater than the Projected Tax Credits over the Credit Period (such difference being defined herein as the Permanent Credit Increase and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Permanent Credit Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Permanent Credit Increase, and (ii) $1.04, subject to the limitations described in Section 6.9.6.

6.9.5 Increase in First and/or Second Year Tax Credits. If it is determined that the amount of Actual Tax Credits for the period prior to the end of the Projected First Tax Credit Year and Projected Second Tax Credit Year will be greater than the Projected Tax Credits for the period prior to the end of the Projected First Tax Credit Year and Projected Second Tax Credit Year, respectively (such difference being defined herein as the Projected First and Second Year Credit Year Increase and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Projected First and Second Tax Credit Year Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Projected First and Second Tax Credit Year Increase, and (ii) $.42. Such increase will be subject to limitations described in Section 6.9.6.

6.9.6 Limitation on Upward Adjuster. Notwithstanding anything to the contrary contained herein, the Limited Partner will increase its Capital Contribution only once during the 90 day period following the later of (a) achievement of Stabilized Occupancy or (b) the allocating agency’s issuance of the Form 8609 for all Buildings. The Limited Partner will increase its Capital Contribution under Sections 6.9.4 and 6.9.5 only if the Limited Partner, in the exercise of its sole discretion, determines that is has
sufficient funds to make the additional Capital Contribution. In no event shall the increase in the Limited Partner’s Capital Contribution pursuant to Sections 6.9.4 and 6.9.5 exceed, in the aggregate, 5.00% of the Limited Partner’s Capital Contribution as set forth in the Projections in effect on the date of this Partnership Agreement (i.e., no subsequent increases in the Limited Partner’s Capital Contribution shall be taken into account for purposes of calculating the 5.00% limitation).

6.9.7 Repurchase. Notwithstanding anything contained herein to the contrary, in the event that (i) any Building does not generate any Tax Credits during the taxable year succeeding the taxable year in which such Building is placed in service or the Project Property does not generate any Tax Credits during calendar year 2016 for any reason whatsoever, (ii) Construction Completion and Placement in Service of all Buildings are not achieved, or in the reasonable judgment of the Limited Partner, based on all of the relevant facts and circumstances, will not be achieved on or before the Construction Completion Date (which in no event shall exceed the end of the second year after the year in which the Project receives a Tax Credit allocation pursuant to Section 42(h)(1)(E) of the Code or by the date required by any Lender or State Agency), (iii) the Partnership fails to comply with the minimum set-aside test and/or the rent restriction test (as described in Section 42(g) of the Code) before the end of the year in which the Building is placed in service or, at the election of the General Partner pursuant to Section 42(f)(i)(B) (which election shall be made in accordance with Section 6.4.12(iv) hereof), the end of the succeeding taxable year, (iv) Stabilized Occupancy does not occur within six (6) months of the Projected Stabilized Occupancy Date, (v) unless the Project is financed with tax-exempt bonds, the Partnership’s basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a carryover allocation of Credits, as not 10% of the Partnership’s reasonably expected basis in the Project Property, as required pursuant to Section 42(h)(1)(E) of the Code, (vi) proceedings have been commenced, filed or initiated to foreclose the Construction Loan mortgage or permanently enjoin construction or rehabilitation of the Project and such proceedings have not been stayed or vacated within thirty (30) days of commencement, filing or initiation, (vii) construction of the access road described in the CFA is not completed, and thereby delays occupancy of the Project, by August 1, 2016, (viii) the General Partner fails to deliver to the Asset Manager a Form 8609 for each Building in the Project on or before the date by which the General Partner is required to deliver to the Asset Manager the Tax Return Documents for the first year of the Credit Period pursuant to Section 8.4.3, (ix) any one of the following occurs with regard to the Permanent Loan: (a) the Permanent Loan commitment has been terminated or substantially modified (unless the commitment is replaced with a commitment of equivalent terms as determined by the Limited Partner in its reasonable judgment), (b) any interest rate lock applicable to the Permanent Loan has expired and not been replaced within 30 days by a new rate lock acceptable to the Limited Partner or (c) the Permanent Loan has not been fully funded on or before the maturity date of the Construction Loan, (x) upon the Partnership’s receipt of a Form 8609 for each Building in the Project, it is determined that the Project will deliver less than 80% of the aggregate Projected Tax Credits over the Credit Period to the Limited Partner, or (xi) the General Partner fails to perform any obligation under its Development Completion Guaranty that is not fully
performed within any applicable cure period contained in the Guaranty Agreement, if applicable, then, in the event any of the conditions described in clauses (i) through (x) above occurs, upon the written notice of the Limited Partner, the General Partner and the Special Limited Partner shall purchase the Limited Partner’s entire interest in the Partnership for an amount equal to (a) the sum of (1) all Capital Contributions actually made to the Partnership by the Limited Partner, plus (2) $50,000, plus (3) all expenses incurred by the Limited Partner in connection with entering into the Partnership (not including any funds reimbursed), minus (b) an amount equal to the purchase price paid by the Limited Partner for any Tax Credits already received by the Limited Partner, net of any amounts that the Limited Partner has paid or will have to pay as the result of any recapture of any portion of the Tax Credits that the Limited Partner has received, and (c) any amounts that have already been reimbursed to the Limited Partner by the Partnership and/or the General Partner and Special Limited Partner (the “Repurchase Amount”). Notwithstanding anything to the contrary in this Partnership Agreement, the Limited Partner may, in its sole discretion and at any time following any of the events described in this Section 6.9.7, after any applicable notice and cure period and regardless of whether the Repurchase Amount or any portion thereof has been received by the Limited Partner at such time, withdraw from the Partnership as the Limited Partner. Upon receipt of this amount, the Limited Partner’s interest as a limited partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner and Special Limited Partner or their designee(s), and the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

6.9.8 Failure to Pay; Remedies. If the General Partner or Special Limited Partner fail to pay any amount payable pursuant to Section 6.9.1, 6.9.2 or 6.9.3 above, or the Repurchase Amount pursuant to the preceding section owing to the Limited Partner within ten days after written demand by the Limited Partner (with a copy to the Special Limited Partner), then, in addition to any other rights the Limited Partner may have, any sums payable to the General Partner or Special Limited Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or Special Limited Partner or their Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this Section 6.9 are fully repaid. For purposes of this Partnership Agreement, any sums distributed to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner or Special Limited Partner (or their Affiliates) and subsequently loaned by the General Partner or Special Limited Partner to the Partnership, followed by a distribution to the Limited Partner from the Partnership of such loan proceeds in satisfaction of the General Partner’s and Special Limited Partner’s obligations hereunder, unless it is determined by Limited Partner’s counsel that such a distribution would cause Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the amount payable to the Limited Partner in accordance with the preceding sentence shall be an amount that, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment, Timing Reduction, Credit Reduction Payment or Repurchase Amount, as applicable, and such amount shall
be deemed to have been paid directly by the General Partner and Special Limited Partner to the Limited Partner. Any such deemed loan by the General Partner or Special Limited Partner to the Partnership shall bear no interest and shall be reimbursable to the General Partner or Special Limited Partner out of Cash Flow in accordance with the priority set forth in Section 5.1.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2.1 hereof. The rights and remedies granted to the Limited Partner by this Section 6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner and Special Limited Partner under this Section 6.9 are deemed to have arisen as a consequence of a transaction between the General Partner, Special Limited Partner and the Limited Partner other than in their capacities as Partners and the Capital Accounts or loans of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

6.9.9 **Survival.** The obligations of the General Partner, Special Limited Partner, and their Affiliates prescribed or described in this Section 6.9 will survive the termination and/or liquidation of the Partnership.

6.9.10 **Joint and Several.** Notwithstanding anything to the contrary in this Section 6.9, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

6.9.11 **Publicity and Promotional Events.** The General Partner shall be obligated to notify the Asset Manager at least 15 days in advance of any (i) groundbreaking, (ii) open house, (iii) public relations event or other similar activities related to the Project. Representatives of the Limited Partner (including any beneficial owners thereof), the Special Limited Partner, the Asset Manager, and any investors who have provided funds that have been invested in the Project by the Limited Partner collectively, the Publicity Parties shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. Any costs related thereto shall be paid by the Partnership. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs. The General Partner acknowledges that it will benefit from any publicity generated by the Publicity Parties with respect to the Project. In consideration thereof, the Partnership hereby consents, grants, and releases to the Publicity Parties all rights related to the use of the Project, including, but not limited to, the use of the name of the Project, any photographs of the Project, and any written materials related to the Project, in any commercial, promotional or marketing materials such as press releases, publications, and publicity events that any of the Publicity Parties may wish to issue or conduct.

Section 6.10 **Co-General Partners.** If there is more than one General Partner, or if the General Partner is a joint venture or partnership in which there is more than one general partner, then all general partners of the partnership or of such joint venture of partnership shall be jointly and severally liable to the Partnership, to the Limited Partner, and to its successors and assigns.
for all obligations of the General Partner, and for any damages that may arise from the acts or omissions of any of such general partners in their performance or breach of the guaranties, management, and all other obligations and the representations and warranties of the General Partner, whether now existing or hereafter created, under this Partnership Agreement as the same may from time to time be amended and under applicable law. Notwithstanding anything to the contrary herein, no General Partner shall be liable to the Partnership or to the Limited Partner for the fraud of any other General Partner.

Section 6.11 Representation of General Partner, Special Limited Partner and Limited Partner. The General Partner, Special Limited Partner and Limited Partner acknowledge and represent that the State Housing Finance Agency (i) has neither underwritten the Project nor (ii) certified that any of the buildings will actually meet the requirements necessary to qualify for the Tax Credit, (iii) the State Housing Finance Agency has not performed any independent investigation as to the qualification of the buildings in the Project for the Tax Credit and will not perform such investigation or otherwise monitor the buildings or eligibility for the Tax Credit in the future except as required by law, (iv) the State Housing Finance Agency makes no representation concerning the applicability of the Tax Credit to the buildings in the Project or the ability of any owner or investor in the Project to utilize such Tax Credit, (v) the State Housing Finance Agency has not performed any review nor makes any representations of the commercial viability of the Project, (vi) the Partnership is not the agent of the State Housing Finance Agency and has no authority to act on behalf of, or bind the State Housing Finance Agency, including its officers, employees and representatives, (vii) the State Housing Finance Agency bears no liability to any owner, investor, tenant, lender, or any other person or entity for any claim arising out of the Project or the Tax Credit program, and (viii) the Partnership has consulted with its tax counsel to determine whether the Project qualifies for Tax Credits; whether the General Partner, Special Limited Partner and Limited Partner may utilize the Tax Credit, if any; and the commercial viability of the Project.
ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER

Section 7.1 Limitation of Liability. Except as otherwise required under the Act relating to a limited partner’s liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner and the Special Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such limited partner’s agreed-upon Capital Contribution.

Section 7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, neither the Limited Partner nor the Special Limited Partner shall participate in the operation, management, or control of the Partnership’s business, transact any business in the Partnership’s name, or have any power to sign documents for or otherwise bind the Partnership.
ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS

Section 8.1  Books of Account.  The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. The fiscal year of the Partnership shall be the calendar year, unless otherwise specified in writing by the Limited Partner, and all Partnership accounts shall be maintained on an accrual basis. Decisions as to other accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project’s Compliance Period or any longer period required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least six (6) years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Property Management Agent to cooperate fully and in good faith, with the Asset Manager, the Special Limited Partner, and the Limited Partner with respect to their monitoring of the Partnership’s operation of the Project property, including the review of and compliance with applicable Tax Credit related laws and regulations.

Section 8.2  Management Reports.  The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within twenty (20) days (unless otherwise stated below) after such report is filed with any such governmental agency, a Lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager and the Special Limited Partner the following reports:

8.2.1  Monthly Development Reports.  During the Project development period and through completion of lease-up of the Project, within ten days after the end of each month, the General Partner shall provide a monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner or the Special Limited Partner may reasonably request.
8.2.2 **Quarterly Management Reports.** Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than 15 days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager or the Special Limited Partner may request.

8.2.3 **Annual Budget.** Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner and Special Limited Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis prepared by the General Partner and Special Limited Partner in a form satisfactory to the Asset Manager of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner and Special Limited Partner.

(ii) The Asset Manager shall submit to the General Partner and Special Limited Partner, in writing, any comments on the proposed budget within 30 days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner and Special Limited Partner shall have 15 days to submit a response, in writing, to the Asset Manager’s comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the General Partner and Special Limited Partner shall submit a revised proposed budget within 15 days after receipt of the Asset Manager’s comments, responding to same.
8.2.4 **Annual Real Property Tax-Exemption.** To the extent the Partnership is expected to receive, on an annual basis, a fifty percent (50%) partial exemption from real property taxes in respect of the Project, the General Partner shall, no later than the applicable due date of each calendar year throughout the term of the Compliance Period, prepare and submit to the appropriate agency or authority and the Asset Manager, such documents as may be required to permit the Partnership to receive the partial exemption from real property taxes. The Partnership will reimburse the General Partner for any reasonable costs associated with such compliance, including but not limited to the cost of financial audit with respect to the General Partner.

8.2.5 **Evidence of Insurance.** The General Partner shall deliver to the Limited Partner, at least 30 days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of its renewal.

8.2.6 **Other Information.** Upon request from time to time, the General Partner and Special Limited Partner shall provide such information and reports as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

8.2.7 **Annual Certification of Compliance.** The General Partner and the Special Limited Partner shall deliver to the Asset Manager, within five days after submission, a copy of the Project’s annual certification of compliance that was submitted to the State Housing Finance Agency.

**Section 8.3 General Disclosure.**

8.3.1 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events or receipt of the following information as promptly as possible but no later than five days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Partnership’s hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency with respect to the Partnership or the Project, together with a copy of any such notice;
(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (a) the extent of the damage to the Project, (b) any expected delays in construction or rehabilitation, (c) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (d) the amount that is anticipated to be recoverable under available insurance policies.

8.3.2 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events with ten days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserves was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

Section 8.4 Tax Information.

8.4.1 Tax Credit Eligible Basis. Within forty-five (45) days after substantial completion of the Project’s construction, a Tax Credit Eligible Basis worksheet for each Building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

8.4.2 Financial Reports.

(i) The General Partner shall, within 15 days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited financial statements, prepared in accordance with GAAP, for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner (a) on or before February 15 of the following calendar year, a draft of the audited financial statements prepared by the Accountant in accordance with GAAP for review and comment by the Asset Manager, and (b) on or before February 28 of the following calendar year, a written report prepared by the Accountant, which shall include a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements, prepared in accordance with GAAP, certified by the Accountant, and reflecting the comments received from the Asset Manager to the draft documents. The audited financial statement shall include the following: a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial summary which reconciles and summarizes the financial statements and bank statements as of the end of such
year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners’ capital, the status, amount, and timing of the Projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or the Accountant to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes. If the General Partner fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date, the General Partner shall be assessed a penalty of $100 per day pursuant to Section 8.6 below. Without limiting the right of the Limited Partner under Section 8.6.3 below, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if the Accountant fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date.

(ii) In addition to the requirements set forth in Section 8.4.2(i) above, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, (a) on or before December 31st of the year the Project achieves Placement in Service, an “interim” audited financial statement, prepared in accordance with GAAP, which shall reflect the financial status of the Project as of September 30th of that year, and (b) at any time after the first calendar quarter of each year within 30 days after notice from the Asset Manager, (1) unaudited or, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, of the General Partner for the preceding calendar year and (3) such other financial information documenting the current financial condition of the General Partner and Guarantor as the Asset Manager may reasonably require.

(iii) At the request of the Asset Manager, the General Partner shall submit or cause to be submitted to the Asset Manager within (a) 15 days after each calendar quarter, unaudited financial statements, prepared in accordance with GAAP, for the Guarantor(s); and (b) forty-five (45) days after each calendar year, unaudited financial statements or, in the event that such unaudited financial statements are incomplete for the purposes of the Asset Manager prior to the end of the Operating Deficit Guaranty Period, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, for the Guarantor(s), until such time as all of the “General Partner Obligations” or “Guaranteed Obligations” (as such terms are defined in the Guaranty Agreement) have been fully performed or paid.

8.4.3 Tax Returns. With respect to each taxable year of the Partnership, the General Partner shall (i) deliver to the Asset Manager and the Special Limited Partner, for review and approval, within 30 days after each taxable year ends, drafts of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules, materials required in
connection therewith the Tax Return Documents and cause to be prepared and filed with the appropriate agencies within 60 days after each taxable year ends, the Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Within such 60 day period, the General Partner shall deliver a copy of the filed Tax Return Documents to the Asset Manager. In addition, the General Partner shall comply with all requirements of Section 6.3.2 hereof with respect to anticipated Tax Credits and other tax benefits and shall deliver to the Asset Manager a copy of the Section 168 Tax Return concurrently with the filing of the original with the IRS.

8.4.4 Tax Returns Due to Termination. If, pursuant to Section 9.1 below, there are subsequent transfers of Limited Partner's beneficial interests or partnership interests which cause a termination of the Partnership pursuant to Section 708(b) of the Code, the General Partner shall deliver to the Asset Manager, for its review and approval, within 30 days after receipt of written notice from the Limited Partner of such Termination, a draft of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules or materials required in connection therewith (the Termination Tax Return Documents), and cause to be prepared and filed with the appropriate agencies within the time period prescribed under the Code, the Termination Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Any costs associated with the General Partner's satisfaction of this Section 8.4.4 shall be paid in accordance with Section 9.1 below.

8.4.5 Estimated Tax Credits. Prior to October 15th of each year, the General Partner shall send to the Asset Manager and the Special Limited Partner an estimate of the Limited Partner’s and the Special Limited Partner’s share of Tax Credits by each Building of the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal income tax purposes in a form specified by the Limited Partners. The General Partner and the Accountant shall prepare this estimate.

Section 8.5 Review of Compliance.

8.5.1 The General Partner shall, seventy-five (75) days after the end of each Fiscal Year of the Partnership, certify to the Asset Manager and the Special Limited Partner in the same scope and manner that it is required to certify, if requested, to the applicable State Housing Finance Agency, that the Partnership is in compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. Upon initial lease-up of the Project and thereafter no more frequently than annually, the Limited Partner may, at the Partnership's expense, conduct or cause to be conducted an audit or review (which may include an on-site inspection of the Project) of the Partnership's compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. This audit or review will be conducted not less than 30 nor more than 90 days following a written request by the Limited Partner for such audit or review. The General Partner shall cooperate with any such audit by making appropriate personnel of the General Partner and the Property
Management Agent and all books and records (including, without limitation, copies of initial tenant files, any IRS Forms 8823 issued to the Partnership, and other applicable related documents and reports) of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

8.5.2 The General Partner shall, within 30 days following achievement of Qualified Occupancy, deliver to the Asset Manager one or more discs containing scanned copies of the First Year Tenant Files.

8.5.3 The General Partner shall provide access to the Project at all reasonable times and upon reasonable advance notice and shall extend full cooperation to the Asset Manager or the Special Limited Partner in connection with such physical inspections of the Project and any records as the Asset Manager or the Special Limited Partner may wish to conduct in order to monitor the General Partner’s performance of its obligations under this Partnership Agreement.

Section 8.6 Failure to Provide Information.

8.6.1 Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a $100 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (i) waived by the Limited Partner, or (ii) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner.

8.6.2 If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any other remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to Section 5.1 or Section 5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

8.6.3 Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if any of the above applicable reporting requirements are not met. The failure on the part of the General Partner to remove the Accountant and replace it with an accounting firm that is acceptable to the Limited Partner within 30 days of a written request to do so from the Limited Partner shall be an Event of Default under Section 10.6.1 hereof.

8.6.4 If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner and the Special Limited Partner under Article 8, and fails to provide such report or information within ten business days after receiving notice of such delay from the
Limited Partner or the Special Limited Partner, such delay shall constitute an Event of Default under Section 10.6.1 hereof.
ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS

Section 9.1 Voluntary Transfers. A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interest, so long as such Voluntary Transfer complies with the following conditions: (i) the General Partner has received a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee's express acceptance of and agreement to the terms and conditions of this Partnership Agreement; (ii) all requirements of applicable state and federal securities laws, if any, have been complied with; (iii) such Voluntary Transfer will not result in the Partnership's loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interest; (iv) such Voluntary Transfer will not result in the Partnership being classified as an "association" which is taxable as a corporation for federal income tax purposes; and (v) the General Partner has received evidence of any applicable consents required for such transfer. Upon compliance with all of the conditions of this Section 9.1, such Voluntary Transfer of a Limited Partner's Partnership Interest binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination (other than tax termination) of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interest. If any transfer of a Limited Partner's Partnership Interest, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

9.1.1 The Limited Partner intends to either (i) hold only bare legal title to its Partnership Interest and will ultimately transfer beneficial interests in its Partnership Interest to one or more Persons, or (ii) ultimately transfer its Partnership Interest to an investment fund managed by an Affiliate of the Limited Partner, and in either case, the Limited Partner or such Persons or investment fund may also transfer such beneficial interests or Partnership Interest, or, as security for debt, assign or pledge all or portions of such Partnership Interest. Notwithstanding the provisions of Section 9.1, the General Partner hereby acknowledges and consents to any such transfers, assignments or pledges, and agrees that, upon any such transfer or any foreclosure or other enforcement under any such assignment or pledge, it will recognize the assignee of the (a) beneficial interests as the owner of such beneficial interests in the Partnership Interest, or (b) Partnership Interest as the Substituted Limited Partner.

9.1.2 The Limited Partner or its transferee shall reimburse the Partnership for any reasonable costs actually incurred by the Partnership as a result of a transfer pursuant to this Section 9.1.

Section 9.2 General Partner’s Consent to Substitution as a Limited Partner.

9.2.1 In addition to the requirements set forth in Section 9.1, an Assignee of a Limited Partner's Partnership Interest in connection with a Voluntary Transfer, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld and is hereby granted for the transfers, assignments and
pledges described in Section 9.1.1; provided that no such consent shall be required for the (i) substitution of an Assignee that is an Affiliate of the Limited Partner, or (ii) any transfer by the Limited Partner of its Partnership Interest after its Capital Contributions have been paid in full. The General Partner shall duly file for record any required amendment to the Certificate of Formation reflecting such substitution in such public offices as shall be required under the Act. The effective date of the substitution of the Assignee as a Substituted Limited Partner shall be the date on which the General Partner provides its consent if required or the date of the assignment to such Affiliated Assignee, as the case may be.

9.2.2 If the General Partner's consent is required but the General Partner does not consent to the substitution of an Assignee of a Limited Partner's Partnership Interest in connection with a Voluntary Transfer, then the transferor Limited Partner retains all the rights of a transferor of a limited partnership interest under the Act and, except as otherwise provided in Section 9.4, the Assignee shall not be treated as owning any interest in the Partnership. In particular, an Assignee of a Limited Partner's Partnership Interest in connection with a Voluntary Transfer, other than an assignee of a beneficial interest, who is not admitted as a Substituted Limited Partner under this Section 9.2 shall not be entitled to require any accounting of the Partnership's transactions or inspect the Partnership's books and records or require any information from the Partnership or (iv) exercise any privilege or right of a Limited Partner that is not specifically granted to a nonsubstituted transferee of a limited partnership interest under the Act.

Section 9.3 Involuntary Transfers. The Involuntary Transfer of all or any part of any Limited Partner's Partnership Interest will not cause the dissolution and termination of the Partnership, but rather the business of the Partnership is continued without interruption in accordance with the provisions of this Section 9.3. Upon an Involuntary Transfer of all or any part of any Limited Partner's Partnership Interest, such Limited Partner's successor or legal representative shall automatically be deemed to be a Substituted Limited Partner.

Section 9.4 Distributions and Allocations with Respect to Transferred Partnership Interests. Upon any transfer (whether a Voluntary Transfer or Involuntary Transfer recognized by the Partnership or other transfer of the Limited Partner's Partnership Interest under this Article 9, all allocations of Profits and Losses attributable to the transferred Partnership Interest shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the General Partner which is then permitted under Section 706 of the Code and the Regulations promulgated thereunder. All distributions of Cash Flow made prior to the effective date of any such transfer shall be made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee.

Section 9.5 Disposition of Project. Subject to the restrictions and rights reserved in the Extended Use Agreement or to the General Partner below and with the consent of the Special Limited Partner, the General Partner may cause the sale of all or any portion of the assets or business of the Partnership for their fair market value upon such terms as it shall determine in the exercise of reasonable discretion and prudent business judgment. If causing the sale of all or any portion of the assets or business of the Partnership, the General Partner will use best efforts to
cause the Project to be sold or exercise any right it may have hereunder to purchase the Limited Partner’s Interest or the Project within a reasonable time after the expiration of the Compliance Period. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in Section 5.2 or Section 11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this Section 9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with Section 5.2 or Section 11.2 hereof, as applicable. Except as specifically provided below, the General Partner (with the consent of the Special Limited Partner) shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing:

The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last 12 months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner and the Special Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in Section 9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. However, if such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, the General Partner shall, commencing upon the expiration of the Purchase Option and Right of First Refusal promptly begin advertising the Project for sale and entertaining third-party purchase offers, as described above. Notwithstanding the foregoing, any disposition of the Project shall be conducted in accordance with the Extended Use Agreement and the rules of the State Housing Finance Agency.

Section 9.6 Purchase Option and Right of First Refusal. The provisions of Section 9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and Sponsor, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to the Special Limited Partner and Sponsor an option to purchase the Project or the Limited Partner’s Partnership Interest and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner and the Special Limited Partner, as applicable, remain in good standing without the occurrence of any event described in Section 10.6 hereof, in the form attached hereto as Exhibit A, and the Special Limited Partner has consented to the proposed purchase.

Section 9.7 Warehouse Lender. Notwithstanding the foregoing provisions of this Article or any other provision of this Partnership Agreement:

9.7.1 The General Partner acknowledges and consents to (i) the Limited Partner’s pledge and collateral assignment of its Partnership Interest to the Warehouse Lender;
9.7.2 The Warehouse Lender shall have the rights of a secured party to retain, sell or transfer the Partnership Interest so pledged in accordance with the LP Pledge, including, without limitation, the right to transfer or assign its rights hereunder and under the LP Pledge without the consent of the Partnership, any Partner or any other Person, subject only to Section 9.7.6;

9.7.3 Upon the enforcement of the LP Pledge and the foreclosure upon the Partnership Interest pledged thereunder, the Warehouse Lender (or its nominee or transferee) shall be immediately, automatically and unconditionally admitted as a Substituted Limited Partner, subject only to Section 9.7.6;

9.7.4 Neither the Partnership nor any Partner shall cause the Partnership Interest to be or become, a security, investment property or held in a securities account within the meaning of Articles 8 and 9 of the Uniform Commercial Code of the State the LP CC and the Partnership Interest will be, and will remain, general intangibles within the meaning of Article 9 of the UCC, and any action by the Partnership or any Partner to cause any of the Partnership Interest to be deemed to be or to be treated other than as general intangibles within the meanings of Article 9 of the UCC shall be void and of no effect;

9.7.5 The Partnership and the Partners agree (i) to notify the Warehouse Lender in writing at the applicable addresses provided in the definition of Warehouse Lender of any default by the Limited Partner of any of its obligations hereunder, (ii) to refrain from exercising any rights or remedies as a result of such default (whether hereunder or otherwise at law or in equity) until the Warehouse Lender has received such notice and has been given 60 days to cure such default, and (iii) that the Warehouse Lender can cure such default by paying only those portions of the Limited Partner's Capital Contribution for which the conditions to payment set forth in Section 3.2 have then been satisfied;

9.7.6 The Warehouse Lender's rights hereunder are subject to compliance with all HUD requirements regarding transfer of physical assets and submission and approval of a HUD Prior Participation Certificate, and/or obtaining the State Housing Finance Agency's written consent if required; and

9.7.7 So long as the Limited Partner's Partnership Interest continues to be pledged Collateral under the LP Pledge, any amendment to this section, or any other provision herein which would materially affect the Warehouse Lender's rights and priorities under the LP Pledge, or (iii) the identity of the Asset Manager, the Asset Management Fee, the Disposition Fee or any other fee payable to the Asset Manager, or the terms of payment thereof, shall require the prior written consent of the Warehouse Lender.

9.7.8 The Warehouse Lender is an intended third party beneficiary of this Section 9.7.
Section 9.8 Voluntary Withdrawal. Notwithstanding anything in this Article 9 to the contrary, the Limited Partner shall have the right to withdraw from the Partnership without the General Partner’s consent at any time after the Limited Partner has paid in full its Capital Contributions. The Limited Partner shall provide the General Partner with ten days prior written notice of the effective date of such withdrawal. At the Limited Partner’s request, the General Partner shall cooperate with the Limited Partner by taking such actions as the Limited Partner determines are necessary or advisable in order to effectuate such withdrawal.

Section 9.9 Put Right. Commencing on the expiration date of the Compliance Period, the Limited Partner shall have the right to require the General Partner to purchase the Limited Partner’s Partnership Interest for a purchase price of $1,000.00 (the “Purchase Price”). The Put Right may be exercised by the Limited Partner by giving written notice to the General Partner at any time on or after the date that is 30 days prior to the expiration of the Compliance Period. In the event that the Limited Partner exercises its Put Right pursuant to this Section 9.9, the Purchase Price shall be paid to the Limited Partner in cash or immediately available funds, unless otherwise mutually agreed, at a closing to occur on the first business day following the date that is 30 days after the Limited Partner has given notice to the General Partner of the exercise of the Put Right. All costs of the purchase of the Limited Partner’s Partnership Interest shall be paid by the General Partner. Upon receipt of the Purchase Price, the Limited Partner shall transfer the Partnership Interest free and clear of any liens, charges, encumbrances or interests of any third party and shall execute or cause to be executed any documents required to fully transfer such Partnership Interest. As of the effective date of such closing, the Limited Partner shall have no further interest in the Partnership.
ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP INTERESTS

Section 10.1 Voluntary Transfers.

10.1.1 The Partnership shall not recognize any Voluntary Transfer of a General Partner’s Partnership Interest and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (i) the proposed transfer is of all the Partnership Interest owned by such General Partner; (ii) the Limited Partner and the Special Limited Partner have each received a copy of written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (iii) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (iv) such Voluntary Transfer will not result in the termination of the Partnership for federal income tax purposes; (v) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; (vi) the Partnership receives an opinion of legal counsel to the effect of clause (v); (vii) such Voluntary Transfer will not result in the loss of the ad valorem tax exemption granted to the Project (i.e., the substitute general partner must qualify for the exemption); and (viii) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

10.1.2 Upon compliance with this Section 10.1, such transfer of a General Partner’s Partnership Interest shall bind the Partnership and all the Limited Partners and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this Section 10.1, the transferee of a General Partner’s Partnership Interest shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

Section 10.2 Involuntary Transfers. An Involuntary transfer of a General Partner’s Partnership Interest at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within 30 days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership’s affairs and business wound up and terminated pursuant to Article 11. An Involuntary transfer of a General Partner’s Partnership Interest when there is no other General Partner in existence shall dissolve the Partnership and the Partnership’s affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of Section 10.3.
Section 10.3 Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner’s Partnership Interest, the Partnership will dissolve and the affairs and business of the Partnership will be wound up and terminated under Article 11, unless within 90 days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities that are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership’s existence set forth in this Partnership Agreement and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) $100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

Section 10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner’s Partnership Interest is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interest are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under Section 706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.4.

Section 10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership without the prior written consent of the Limited Partner.

Section 10.6 Removal of General Partner and/or Special Limited Partner. The Limited Partner may remove the General Partner and/or Special Limited Partner for any of the following Events of Default in this Section 10.6.1, as applicable; provided, however, either Partner may be removed only as to its own default (and those of its Affiliates) and not as to the default of the other Partner or that Partner’s Affiliates:

10.6.1 Events of Default.

(i) Any fraud, gross negligence, malfeasance or intentional misconduct of the General Partner or Special Limited Partner; or

(ii) Any act by the General Partner or Special Limited Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner or Special Limited Partner of any fiduciary duty to the Partnership or the Limited Partner; or
(iii) The breach of any representation or warranty of the General Partner or Special Limited Partner contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(iv) The breach by the General Partner or Special Limited Partner of any covenant of the General Partner or Special Limited Partner contained in this Partnership Agreement, including without limitation those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(v) Any action or inaction by the Partnership, General Partner, Special Limited Partner, or any Affiliate of the General Partner or Special Limited Partner that does, or with the passage of time would, (a) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (b) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (c) violate any applicable federal or state securities laws (as they relate to the Partnership or the Partnership Interest), (d) cause the Partnership to fail to qualify as a limited partnership under the Act, (e) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (f) qualify as an event of removal or withdrawal with respect to the General Partner or Special Limited Partner under the Act, or (g) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner and otherwise is not cured by payments made pursuant to Section 6.9 hereof or consented to by the Limited Partner; or

(vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such cost overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not materially adversely affect the Projections or financial viability of the Project or the Partnership; or

(vii) A material default occurs under the Construction Loan, Permanent Loan, Subordinate Cash Flow Loan, or any Project Documents and such default is not cured or waived by the Lender within 30 days after the occurrence of such default, or if such default takes more than 30 days to cure, the General Partner or Special Limited Partner has failed to commence diligent efforts to effect a cure within such 30 day period and diligently pursue such remedies until the default is fully cured (it being acknowledged and agreed that an Event of Default under this subsection (vii) exists independently of an Event of Default under subsection (ix) hereof and does not merge with subsection (ix) if a foreclosure or other creditor’s action is filed in connection with the Construction Loan, Permanent Loan or Subordinate Cash Flow Loan); or

(viii) The Project or the Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership, the Project, or the Limited Partner; or
(ix) Any Lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor’s action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor’s action by or against the Partnership and any such action is not dismissed within 30 days; or

(x) The Partnership fails to deliver 80% of Projected Tax Credits to the Limited Partner with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Property Management Agent if at any time cause (as such term is defined in Section 6.4.9(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner in accordance with the requirements of Section 8.6.3 hereof; or

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner or Special Limited Partner pursuant to Sections 6.4.6(i), 6.4.6(i)(a), and Section 6.9 is not timely made by or on behalf of the General Partner or Special Limited Partner or any guarantor of such obligation; or

(xiv) The occurrence of a breach of any obligation, representation, warranty or covenant of any of the Guarantors under the Guaranty Agreement; or

(xv) A General Partner or Special Limited Partner permits an owner thereof to transfer a controlling interest in such entity without the consent of the Limited Partner as required in Section 6.3.30 of this Partnership Agreement; or

(xvi) Repeated failure to provide in a timely manner any reports or information required to be submitted to the Limited Partner, the Special Limited Partner or the Asset Manager under Article 8, hereof; or

(xvii) The commencement by a General Partner, Special Limited Partner or a Guarantor of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

(xviii) The failure of the General Partner or Special Limited Partner to obtain the dismissal of any case commenced against a General Partner or Special Limited Partner (i) for the appointment of a trustee for such General Partner or Special Limited Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors; or
During the Compliance Period, the General Partner has operated the Project in a manner such as that 20% or more of the Tax Credit Units fail to qualify for the Tax Credits; or

The use by the General Partner of any funds in any of the reserves described in Section 6.4.7 above for purposes other than permitted therein.

10.6.2 **Effectiveness.** Prior to removing and replacing the General Partner or Special Limited Partner for an Event of Default, the Limited Partner shall give the General Partner or Special Limited Partner reasonable prior written notice setting forth in detail the Event of Default(s) providing the basis for such possible removal and a reasonable opportunity (as determined by the Limited Partner in its discretion) to cure such default(s); provided, however, that no opportunity to cure such default(s) shall be given where the extent or nature of the default is such that there is a likelihood of material loss, liability, or prejudice to the Partnership or the Limited Partner, or both, from any delay in removal and replacement. If the grounds for removal justify an immediate removal under the preceding sentence, such removal shall be effective upon the delivery of a notice thereof to the specified address in accordance with Section 12.1 hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner or Special Limited Partner to cure the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision by the Limited Partner, in its sole and reasonable discretion, to remove the General Partner or Special Limited Partner, and

(iii) the Limited Partner provides the General Partner or Special Limited Partner with written notice of its removal as General Partner or Special Limited Partner, with a copy to the Special Limited Partner, which notice shall specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner or Special Limited Partner, as applicable, shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities (including, without limitation, its obligations to make any payments pursuant to Sections 6.4.6(i), 6.4.6(ii), 6.4.6(iii), and Section 6.9 of this Partnership Agreement and liabilities resulting from any breach of any of the representations and warranties set forth in Section 6.3 of this Partnership Agreement) incurred by it as a General Partner or Special Limited Partner before the effective date of such removal but is free of any obligations and liabilities incurred on account of Partnership activities from and after the time of such removal and (ii) all damages and other amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the Limited Partner or Special Limited Partner as a result of the occurrence of the event giving rise to such removal. From and after delivery of notice of such removal, except as otherwise expressly provided in Section 6.5.6, the Partnership shall have no obligation to make any further payments to the Partner or its Affiliates for fees that would otherwise be due and payable pursuant to this Partnership Agreement, any
other agreement entered into by the Partnership and the Partner or any Affiliate thereof, or in connection with the performance of the Partner’s obligations hereunder.

10.6.3 Waiver. Any forbearance by the Limited Partner in exercising any right or remedy under this Section 10.6 or any other provision in this Partnership Agreement or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any right or remedy. The enforcement by the Limited Partner of any right herein shall not constitute an election by the Limited Partner of remedies so as to preclude the exercise of any other right available to the Limited Partner.

Section 10.7 Nominee’s Enforcement Powers. If the Limited Partner holds bare legal title, as nominee, to its Partnership Interest and transfers the beneficial interests in the Limited Partner’s Partnership Interest to one or more Persons, the General Partner hereby acknowledges and agrees that the Limited Partner, in its capacity as nominee, shall be entitled to exercise all rights and remedies reserved to the Limited Partner under this Partnership Agreement, including without limitation, the right to bring any legal action to enforce the General Partner’s obligations hereunder.
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

Section 11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

11.1.1 The expiration of the term of the Partnership’s existence;
11.1.2 The sale or other disposition of all or substantially all of the Partnership’s property and the Partnership’s receipt of all or substantially all of the proceeds therefrom;
11.1.3 The Partners’ mutual election to dissolve the Partnership;
11.1.4 The failure of the Limited Partner to agree in writing at the time and in the manner provided in Section 10.3 hereof to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner’s Partnership Interest or the removal of the General Partner; or
11.1.5 The Limited Partner’s election pursuant to Section 10.2 hereof to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner’s Partnership Interest, notwithstanding the fact that one or more other General Partner is in existence at such time.
11.1.6 The Limited Partner’s withdrawal pursuant to Section 9.8 or exercise of its put right pursuant to Section 9.9, unless the General Partner admits one or more substitute limited partners to the Partnership within 90 days after the Limited Partner’s withdrawal or exercise of its put right.

Section 11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership’s liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership’s liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:
11.2.1 First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates made pursuant to Section 6.4.6(i), 6.4.6(ii), and/or 6.4.6(iii) hereof and the Guaranty Agreement and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

11.2.2 Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this Section 11.2; and

11.2.3 Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in Section 5.2.1 hereof and in accordance with the priority set forth therein; and

11.2.4 Fourth, such liquidation proceeds will be distributed in compliance with Section 1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under Section 4.2.13 hereof.

Section 11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of 1.704-1(b)(2)(ii)(g) of the Regulations, then:

11.3.1 Distributions will be made pursuant to Section 11.2 hereof (if such liquidation constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with Section 1.704-1(b)(2)(ii)(b)(2) of the Regulations;

11.3.2 If a General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such General Partner will contribute to the capital of the Partnership the amount necessary to restore the balance in its Capital Account to zero;

11.3.3 If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to Section 11.4 hereof; and
11.3.4 Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the liquidation or (2) 90 days after the date of the liquidation.

Notwithstanding anything to the contrary contained in this 11.3, in the event the Partnership is liquidated within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, such liquidation does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to Section 11.2 hereof. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

Section 11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in Section 11.3.2 hereof, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this Section 11.4, the Limited Partner and Special Limited Partner shall not have any obligation to restore any deficit in their Capital Accounts upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner and Special Limited Partner may from time to time elect to be obligated to restore a deficit in their Capital Accounts up to a limited dollar amount. Such election shall be made by the delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner or the Special Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner’s or the Special Limited Partner’s Partnership Interest.

Section 11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

Section 11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the Certificate of Formation, or any amendment thereto, of the Partnership and any and all other documents which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.
ARTICLE 12: MISCELLANEOUS

Section 12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership’s principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three (3) business days after deposit in the United States mail.

Section 12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

Section 12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

Section 12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Texas, exclusive of its conflict of laws principles.

Section 12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

Section 12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

Section 12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

Section 12.8 Limitation of Benefits. Except with respect to those provisions hereof that confer rights to the Warehouse Lender, it is the explicit intention of the Partners that no person or entity other than the Partners, the owner(s) of the beneficial interests in the Limited Partner’s Partnership Interest and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners, the owners of such beneficial interests and the Partnership and their or its respective successors and assigns as permitted hereunder.

- 109 -
Section 12.9  Entire Agreement.  This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or written agreements, commitments, or understandings with respect to the matters provided for herein and therein.

Section 12.10 Broker’s Commission and Indemnity.  Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Partnership Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney’s fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

Section 12.11 Amendment of Partnership Agreement.  Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

Section 12.12 Power of Attorney.

12.12.1  Generally.  The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of Section 10.6 hereof, including without limitation:

(i)  all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii)  all amendments to the Certificate of Formation or other instrument that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under the Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by the Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any part of its Partnership Interest hereunder. Nothing contained herein shall be construed to limit the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.
12.12.2 Removal for Cause. The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of Section 10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of Section 10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by Section 10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

Section 12.13 More Than One Limited Partner. The Limited Partner owning the majority of the Partnership Interests held by the Limited Partners shall have the exclusive right to exercise all consents and approvals assigned to the Limited Partners under this Partnership Agreement. All of the Limited Partners agree to abide and be bound by the decisions of the Majority Limited Partner with respect to its exercise of the consent and approval rights assigned to the Limited Partners under this Partnership Agreement. The General Partner shall be required to provide all requested reporting and other information hereunder only to the Majority Limited Partner, provided that the General Partner will also deliver a separate copy of such report or other information to any other Limited Partner upon its request. If no one Limited Partner owns a majority of the Partnership Interests held by the Limited Partners, then all consents and approvals assigned to the Limited Partners under this Partnership Agreement shall be exercised by the Limited Partners owning a majority of such Partnership Interests, and the General Partner shall provide all requested reporting and other information hereunder to each of the Limited Partners.

Section 12.14 Third Party Beneficiary. The parties hereto hereby acknowledge and agree that the Asset Manager is a third party beneficiary of this Partnership Agreement.

[Remainder of this page intentionally left blank.]
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER:

LIFENET-CHAMPIONS CIRCLE G.P.,
L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: [Signature]
Name: Robert E. Robertson
Its: President and C.E.O.

LIMITED PARTNER:

NEF ASSIGNMENT CORPORATION, an
Illinois not-for-profit corporation, as nominee

By: [Signature]
Name: [Name]
Its: [Position]

SPECIAL LIMITED PARTNER:

CHURCHILL SENIOR RESIDENTIAL, LLC,
a Texas limited liability company

By: [Signature]
Name: Bradley E. Forslund
Its: Manager

INITIAL LIMITED PARTNER:

BRADLEY E. FORSLUND, an individual
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER:

LIFENET-CHAMPIONS CIRCLE G.P.,
L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: _____________________________
Name: Robert E. Robertson
Its: President and C.E.O.

LIMITED PARTNER:

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: _____________________________
Name: Karen Przypyszny
Its: Senior Vice President

SPECIAL LIMITED PARTNER:

CHURCHILL SENIOR RESIDENTIAL, LLC,
a Texas limited liability company

By: _____________________________
Name: Bradley E. Forslund
Its: Manager

INITIAL LIMITED PARTNER:

BRADLEY E. FORSLUND, an individual
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

**GENERAL PARTNER:**

LIFENET-CHAMPIONS CIRCLE G.P.,
L.L.C., a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By:
Name: Robert E. Robertson
Its: President and C.E.O.

**LIMITED PARTNER:**

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By:
Name: ____________________________
Its: ____________________________

**SPECIAL LIMITED PARTNER:**

CHURCHILL SENIOR RESIDENTIAL, LLC,
a Texas limited liability company

By: ____________________________
Name: Bradley E. Forslund
Its: Manager

**INITIAL LIMITED PARTNER:**

BRADLEY E. FORSLUND, an individual
APPENDIX I

PROJECTIONS
## Project Description

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<th>Churchill at Champion Circle</th>
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<td>Rehab with Tenants in place?</td>
<td>N</td>
</tr>
<tr>
<td>4% or 9% credit deal?</td>
<td>9%</td>
</tr>
<tr>
<td>Tax exempt bond deal? (Y/N)</td>
<td>N</td>
</tr>
<tr>
<td>Use Building by Building Depreciation Schedule (Y/N)</td>
<td>N</td>
</tr>
<tr>
<td>QCT / DDA (Indicate Which)</td>
<td></td>
</tr>
<tr>
<td>QCT / DDA Agency Boost</td>
<td></td>
</tr>
<tr>
<td>130% Boost (enter %, 101% - 130%)</td>
<td>130%</td>
</tr>
<tr>
<td>Is 3rd party buying state credits?</td>
<td>N</td>
</tr>
<tr>
<td>SMT #</td>
<td>66699</td>
</tr>
<tr>
<td>Date Deal Secured</td>
<td>12/19/14</td>
</tr>
<tr>
<td>Building Type</td>
<td>Multifamily</td>
</tr>
</tbody>
</table>

## Timing Assumptions

| NEF Admission to Partnership | 4/8/15 |
| NEF Initial Funding | 4/8/15 |
| Construction Start | 4/1/15 |
| Placed in Service | 7/1/16 |
| Permanent Loan Closing | 8/1/17 |
| Projected First Credit Year | 2016 |
| Sale of Project | 12/31/32 |

## Partnership Information

| Is Developer Cash Basis? (Y/N) | Y |
| General Partner Tax Exempt (Y/N) | N |
| Co-General Partner Tax Exempt (Y/N) | N |
| Lower-Tier LP Profit/Loss & Credits Share | 99.99% |
| Lower-Tier GP Profit/Loss & Credit Share | 0.01% |
| Sale Proceeds Share - LP Portion | 10.00% |
| Sale Proceeds Share - GP Portion | 90.00% |
| Deferred Developer Fee Interest Rate | 3.00% |
| Applicable Fed. Rate (AFR) | 3.26% |
| Lower-Tier LP Cash Flow Distribution Percentage | 99.99% |
| Length of LURA | 35 |

## Escalators

| Annual Residential Rent Increase - LIHTC | 2.00% |
| Annual Residential Rent Increase - Mkt | 2.00% |
| Residential Vacancy Rate - LIHTC | 7.00% |
| Residential Vacancy Rate - Mkt | 7.00% |
| Commercial Vacancy Rate | 7.00% |
| Annual Commercial Rent Increase | 2.00% |
| Other Income Growth Rate | 2.00% |
| Annual Expense Increase | 3.00% |

## Reserves and Fees

| Annual Funding of Replacement Reserve | Y | 33,000 |
| Annual Funding of Operating Reserve | Y | 9,000 |
| Annual Funding of Rev Deficit Reserve | Y | 9,000 |
| Annual NEF Asset Management Fee | Y | 90.0% |
| Annual Funding of Ins & Tax Escrow | Y | 90.0% |
| Annual Funding of Other Reserves | Y | 90.0% |
### Project Assumptions

**Acquisition Credit Rate**
- Date: 

**Construction / Rehab Credit Rate**
- Date: 9.00%

**Credit Rate Locked-In? (Y/N)**
- N

**Annual Tax Credit frm Tax Credit Res**
- Date: $1,500,000

**Annual Tax Credit - 2nd year allocation**
- Elected set-aside: 40/60

**Total Annual Tax Credit Allocation**
- ($398,861)

**Total Annual Rehab Credit Allocated**
- $1,500,000

**Total Annual Acq Credit Allocated**
- $0

**Total LIHTC Basis + Land + Commercial**
- 16,229,585

**10% Carryover Test Required (Y/N)**
- Y

**Due Date of 10% Carryover**
- 10/31/15

**TDHCA deadline = 7/1/15**

**Eligible for Solar Credits? (Y/N)**
- N

**Eligible for Acquisition Credit? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Tax Credit Allocated**

**Eligible for State LIHTC Credit? (Y/N)**
- N

**Tax Credit Allocated**

**State LIHTC Credit - Number of Years**
- N

**Eligible for Historic Rehab Credit? (Y/N)**
- N

**Eligible for State Historic Tax Credit? (Y/N)**
- N

**State Historic Credit Percentage**

### Other Annual Income

**Other Income**
- 3,168

**Vending**
- units have w/d hookups

**Carports**
- 44 units

**Eligible for Acquisition Credit? (Y/N)**
- N

**Eligible for Historic Tax Credit (Y/N)**
- N

**Due Date of 10% Carryover**
- 10/31/15

**Elected set-aside**
- $398,861

**State Historic Credit Percentage**

**Are These Draw Down Bonds**
- N

**Eligible for Solar Credits? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Eligible for Solar Credits? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Eligible for Solar Credits? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Tax Credit Information**

**Credit Rate Locked-In? (Y/N)**
- N

**Annual Tax Credit frm Tax Credit Res**
- Date: $1,500,000

**Annual Tax Credit - 2nd year allocation**
- Elected set-aside: 40/60

**Total Annual Tax Credit Allocation**
- ($398,861)

**Total Annual Rehab Credit Allocated**
- $1,500,000

**Total Annual Acq Credit Allocated**
- $0

**Total LIHTC Basis + Land + Commercial**
- 16,229,585

**10% Carryover Test Required (Y/N)**
- Y

**Due Date of 10% Carryover**
- 10/31/15

**TDHCA deadline = 7/1/15**

**Eligible for Solar Credits? (Y/N)**
- N

**Eligible for Acquisition Credit? (Y/N)**
- N

**Eligible for Cal State Tax Credit? (Y/N)**
- N

**Tax Credit Allocated**

**Eligible for State LIHTC Credit? (Y/N)**
- N

**Tax Credit Allocated**

**State LIHTC Credit - Number of Years**
- N

**Eligible for Historic Rehab Credit? (Y/N)**
- N

**Eligible for State Historic Tax Credit? (Y/N)**
- N

**State Historic Credit Percentage**

### Tax Exempt Bond Financing

**Bond Issuer**

**Credit Enhancement Type**

**Enhancement Provided by**

**Bond Purchaser:**

**Date of Bond Issuance**

**Are These Draw Down Bonds**
- N

**Peredevolopment loan**

### Project Characteristics Choose all that apply

**GP making 168(h) election**

### NEF Regional Team:

**Acquisitions Regional VP**
- Rachel Rhodes

**Acquisition VP**
- Omar Chaudhry

**Construction Risk Manager**
- Steven Burckardt

**Underwriting VP**
- Stewart Jester

**Underwriting Manager**
- Derek Snikeris

**Asset Manager VP**
- Jennifer Rivera

**Asset Manager**
- Matt Boelter

**Current Date**

---

1. **Total LIHTC Basis + Land + Commercial:** $16,229,585
2. **10% Carryover Test Required:** Yes
3. **Due Date of 10% Carryover:** 10/31/15
4. **TDHCA deadline:** 7/1/15
5. **Eligible for Solar Credits:** No
6. **Eligible for Acquisition Credit:** No
7. **Eligible for Cal State Tax Credit:** No
8. **Tax Credit Allocated:**
   - State LIHTC Credit: $0
   - Historic Rehab Credit: $0
   - Other Income: $3,168
9. **Eligible for Historic Tax Credit:** No
10. **State Historic Credit Percentage:**
11. **Are These Draw Down Bonds:** No
12. **Peredevolopment loan:**
13. **GP making 168(h) election:**
14. **Project Characteristics:** Choose all that apply
15. **Current Date:**
## Unit Mix & Rents

**LIHTC 328 342 720 1,710**

<table>
<thead>
<tr>
<th>Median</th>
<th>Average</th>
<th>Monthly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC</td>
<td>702</td>
<td>$950</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>950</td>
<td>2,000</td>
<td>3,500</td>
</tr>
<tr>
<td></td>
<td>950</td>
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<td>3,500</td>
</tr>
<tr>
<td></td>
<td>950</td>
<td>2,000</td>
<td>3,500</td>
</tr>
</tbody>
</table>

**LIHTC 855 843 910 24,448**

<table>
<thead>
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<th>Median</th>
<th>Average</th>
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<tbody>
<tr>
<td>LIHTC</td>
<td>806</td>
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</tr>
<tr>
<td></td>
<td>1,100</td>
<td>2,000</td>
<td>3,500</td>
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</table>

**LIHTC 982 970 1,210 970**

<table>
<thead>
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<th>Average</th>
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</thead>
<tbody>
<tr>
<td>LIHTC</td>
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<td>$1,200</td>
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<tr>
<td></td>
<td>1,200</td>
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### LIHTC Income and Rents

<table>
<thead>
<tr>
<th>BDRMS</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
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<th>Rent Income</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>1,710</td>
<td>2,000</td>
<td>3,500</td>
<td>366</td>
<td>0%</td>
<td>30.0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>10,302</td>
<td>2,000</td>
<td>11,900</td>
<td>860</td>
<td>0%</td>
<td>50.0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>24,539</td>
<td>2,000</td>
<td>24,500</td>
<td>792</td>
<td>5%</td>
<td>57.2%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>27,050</td>
<td>2,000</td>
<td>27,550</td>
<td>950</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>5</td>
<td>39,950</td>
<td>2,000</td>
<td>40,850</td>
<td>1,092</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>6</td>
<td>43,100</td>
<td>2,000</td>
<td>43,900</td>
<td>1,140</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>7</td>
<td>46,250</td>
<td>2,000</td>
<td>46,950</td>
<td>1,192</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
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</tbody>
</table>

### Monthly Rent Income

<table>
<thead>
<tr>
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<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
<th>Rent Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,710</td>
<td>2,000</td>
<td>3,500</td>
<td>366</td>
<td>0%</td>
<td>30.0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>10,302</td>
<td>2,000</td>
<td>11,900</td>
<td>860</td>
<td>0%</td>
<td>50.0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3</td>
<td>24,539</td>
<td>2,000</td>
<td>24,500</td>
<td>792</td>
<td>5%</td>
<td>57.2%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>27,050</td>
<td>2,000</td>
<td>27,550</td>
<td>950</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>5</td>
<td>39,950</td>
<td>2,000</td>
<td>40,850</td>
<td>1,092</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>6</td>
<td>43,100</td>
<td>2,000</td>
<td>43,900</td>
<td>1,140</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>7</td>
<td>46,250</td>
<td>2,000</td>
<td>46,950</td>
<td>1,192</td>
<td>5%</td>
<td>57.2%</td>
<td>21%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Source of Funds / Lender Name</td>
<td>Principal</td>
<td>Debt / Unit</td>
<td>Payment Type</td>
<td>Interest Rate</td>
<td>Perm Loan Closing Date</td>
<td>1st Pay Date</td>
<td>Amort Yrs</td>
<td>Term Yrs</td>
<td>Recourse Y/N</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------</td>
<td>-------------</td>
<td>---------------</td>
<td>---------------</td>
<td>------------------------</td>
<td>--------------</td>
<td>-----------</td>
<td>----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Community Bank of Texas</td>
<td>1,500,000</td>
<td>11,364</td>
<td>Amortizing</td>
<td>7.67%</td>
<td>8/1/17</td>
<td>9/1/17</td>
<td>30</td>
<td>15</td>
<td>N</td>
</tr>
<tr>
<td>Denton County Housing Finance Corporation</td>
<td>2,000,000</td>
<td>15,152</td>
<td>Amortizing</td>
<td>3.00%</td>
<td>8/1/17</td>
<td>9/1/17</td>
<td>30</td>
<td>15</td>
<td>N</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contingent Loans / Lender Name</th>
<th>Principal</th>
<th>Debt / Unit</th>
<th>Payment Type</th>
<th>Interest Rate</th>
<th>Perm Loan Closing Date</th>
<th>1st Pay Date</th>
<th>Amort Yrs</th>
<th>Term Yrs</th>
<th>Recourse Y/N</th>
<th>Is lender related to investor</th>
<th>Source</th>
<th>Conversion Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,500,000</td>
<td>26,515</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grants</th>
<th>Comments</th>
<th>Fed Grant ? (Y/N)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Sources</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source Conversion Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>GP Capital</td>
</tr>
<tr>
<td>Developer Fee via Cash Flow</td>
</tr>
<tr>
<td>NEF Equity</td>
</tr>
<tr>
<td>Total Other Sources</td>
</tr>
</tbody>
</table>

| Total Sources | 19,819,821 |

<table>
<thead>
<tr>
<th>Construction Financing</th>
<th>Principal</th>
<th>Interest Rate</th>
<th>Conversion Date</th>
<th>Maturity Date</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Community Bank of Texas</td>
<td>13,000,000</td>
<td>4.00%</td>
<td>8/1/17</td>
<td>7/16/20</td>
<td>rate = PRIME Floating (w/ a floor of 4%)</td>
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</table>
## Development Costs

### Total Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Per Sq Ft</th>
<th>Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>EZ Development Costs</td>
<td>12,046,828</td>
<td></td>
<td></td>
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</tbody>
</table>

### Sources/Uses Surplus (Gap)

<table>
<thead>
<tr>
<th>Description</th>
<th>Sources</th>
<th>Uses</th>
<th>Surplus/Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>EZ Development Costs</td>
<td>10,819,821</td>
<td>176</td>
<td>150,150</td>
</tr>
</tbody>
</table>

### Notes

- **Development Costs** table includes various cost categories such as Land, Building, Acquisition Legal Costs, and Other acquisition costs, among others.
- **Uses of Funds** include Specific Uses of Funds and General Uses of Funds with detailed allocations for each category.
- **Comments** column provides additional notes or explanations for specific items in the table.
<table>
<thead>
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<th>Building #</th>
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<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>No LIHTC Units</td>
<td>132</td>
<td>32</td>
<td>48</td>
<td>40</td>
<td>12</td>
<td>24%</td>
<td>36%</td>
<td>30%</td>
<td>9%</td>
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<tr>
<td>Percent of Low Income Units</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
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<td>Y</td>
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<td>Y</td>
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<td>130% Basis Boost (Y/N)</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>State Historic Tax Credits (Y/N)</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
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<tr>
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Credits from QO Units PIS in 2016: 909,091

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Credits from QO Units PIS in 2016: 909,091
Credits from QO Units PIS in 2017: 590,909

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**State LIHTC Credits Purchased by a 3rd Party**

| 3rd Party Buyer | 0 |

**State Historic Credits Purchased by a 3rd Party**

| 3rd Party Buyer | 0 |

**Total**

| 15,598,440 |

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<th>NEF Reserves</th>
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<td>100% Completion</td>
<td>8/1/16</td>
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<td>Draft Cost Cert</td>
<td>9/1/16</td>
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<tr>
<td>5</td>
<td>Stabilization / Conversion</td>
<td>8/1/17</td>
<td>9/30/17</td>
<td>30.00%</td>
<td>4,087,495</td>
<td>45.00%</td>
<td>536,388</td>
<td>481,483</td>
<td>5,105,366</td>
<td>32.73%</td>
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<td>6</td>
<td>8609</td>
<td>8/1/17</td>
<td>9/30/17</td>
<td>0</td>
<td>5.00%</td>
<td>59,599</td>
<td>0</td>
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</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00%</td>
<td>13,624,983</td>
<td>100.00%</td>
<td>1,191,974</td>
<td>781,483</td>
<td>15,598,440</td>
<td>100.00%</td>
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<td>15,598,440</td>
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</table>

13,624,983

---

### Developer Fee

| Maximum Deferred Fee Percentage | 60.00% |
| Developer Fee                  | 1,913,255 |
| From Cash Flow                 | 721,281  |
| From Equity                    | 1,191,974 |
| Percentage of Fee Deferred     | 37.70%  |
# Operating Expenses

### General & Administrative

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Management Fee</td>
<td>52,356</td>
<td>397</td>
<td>3.00%</td>
<td>Sponsor is calculating $52,140 for Prop Mg Fee</td>
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<tr>
<td>Misc. Prop. Mgmt. Fees</td>
<td>4,003</td>
<td>30</td>
<td>3.00%</td>
<td>HOA Fees</td>
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<tr>
<td>Accounting/Auditing</td>
<td>9,500</td>
<td>72</td>
<td>3.00%</td>
<td>$ 720</td>
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<tr>
<td>Resident Services</td>
<td>11,400</td>
<td>86</td>
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<tr>
<td>Office Supplies &amp; Expense</td>
<td>20,904</td>
<td>158</td>
<td>3.00%</td>
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<tr>
<td>Telephone Answering Service</td>
<td>10,840</td>
<td>82</td>
<td>3.00%</td>
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<tr>
<td>Other - LIHTC Compliance Monitoring</td>
<td>5,280</td>
<td>40</td>
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<tr>
<td>Other - Misc. Admin.</td>
<td>21,996</td>
<td>167</td>
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<td>Includes Partnership Consulting</td>
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<td><strong>Total</strong></td>
<td>136,279</td>
<td>1,032</td>
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### Payroll & Related

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<th>Item</th>
<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Administrative Payroll</td>
<td>90,650</td>
<td>687</td>
<td>3.00%</td>
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<tr>
<td>Maintenance Payroll</td>
<td>95,909</td>
<td>727</td>
<td>3.00%</td>
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<tr>
<td>Repair Payroll</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
<td></td>
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<tr>
<td>Payroll Taxes</td>
<td>39,167</td>
<td>297</td>
<td>3.00%</td>
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<tr>
<td>Fringe Benefits</td>
<td>17,000</td>
<td>129</td>
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<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td>242,726</td>
<td>1,839</td>
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### Utilities

<table>
<thead>
<tr>
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<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric (Common Area)</td>
<td>36,520</td>
<td>277</td>
<td>3.00%</td>
<td>Y</td>
</tr>
<tr>
<td>Gas/Fuel Oil/Coal (Common Area)</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
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<tr>
<td>Water &amp; Sewer</td>
<td>73,650</td>
<td>558</td>
<td>3.00%</td>
<td>Y</td>
</tr>
<tr>
<td>Electric (for Units)</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
<td>Y</td>
</tr>
<tr>
<td>Gas/Fuel Oil/Coal (for Units)</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
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<td><strong>Total</strong></td>
<td>110,170</td>
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### Maintenance & Repair

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning (Janitorial)</td>
<td>8,520</td>
<td>65</td>
<td>3.00%</td>
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<tr>
<td>Elevator Maintenance</td>
<td>10,000</td>
<td>76</td>
<td>3.00%</td>
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</tr>
<tr>
<td>Exterminating</td>
<td>4,590</td>
<td>35</td>
<td>3.00%</td>
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<tr>
<td>Fire Alarm Inspection</td>
<td>4,200</td>
<td>32</td>
<td>3.00%</td>
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<tr>
<td>Grounds Maintenance</td>
<td>800</td>
<td>6</td>
<td>3.00%</td>
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<tr>
<td>Grounds Maintenance Contract</td>
<td>17,400</td>
<td>132</td>
<td>3.00%</td>
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<tr>
<td>Painting &amp; Decorating/Make-ready</td>
<td>12,200</td>
<td>92</td>
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<tr>
<td>Repairs</td>
<td>6,500</td>
<td>49</td>
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<tr>
<td>Repairs Contract</td>
<td>2,220</td>
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<tr>
<td>Security</td>
<td>1,796</td>
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<td>Supplies</td>
<td>17,150</td>
<td>130</td>
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<tr>
<td>Trash Removal/Snow Removal</td>
<td>9,000</td>
<td>68</td>
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</tr>
<tr>
<td>Vehicle/Equipment Maintenance</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Other - Misc Ops and Maint Expenses</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
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<td>0</td>
<td>3.00%</td>
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<tr>
<td><strong>Total</strong></td>
<td>94,378</td>
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### Market & Leasing

<table>
<thead>
<tr>
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<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>18,830</td>
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<td>Credit Investigations</td>
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<tr>
<td>Leasing Fees</td>
<td>1,420</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Total</strong></td>
<td>26,250</td>
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### Taxes & Insurance

<table>
<thead>
<tr>
<th>Item</th>
<th>Annual Expense</th>
<th>Per Unit</th>
<th>Escalator</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance - Liability</td>
<td>30,360</td>
<td>230</td>
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<td>Franchise Tax</td>
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<tr>
<td>Other Taxes, Licenses &amp; Fees</td>
<td>7,424</td>
<td>56</td>
<td>3.00%</td>
<td>50% abatement</td>
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<tr>
<td>Real Estate Taxes</td>
<td>53,233</td>
<td>403</td>
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<td>Property/Liability (Hazard)</td>
</tr>
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<td>Property/Liability (Hazard)</td>
<td>0</td>
<td>0</td>
<td>3.00%</td>
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<tr>
<td>Other</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td>91,017</td>
<td>690</td>
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</table>

**Total Annual Operating Budget**: 700,820 250

**Annual Operating Budget per Unit (PUPA)**: 5,309 4,620

---

**Is the project providing a washer/dryer in unit(s)**: N

**All In Which units are provided w/washer & dryer**: all units will have W/D hookups

**Less TIRR**: 5,559
<table>
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<tbody>
<tr>
<td>Project Year</td>
<td>Cash Flow</td>
<td>Percentage of Year in Operation</td>
<td>0.00%</td>
<td>22.73%</td>
<td>93.18%</td>
<td>100.00%</td>
<td>100.00%</td>
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<td>100.00%</td>
<td>100.00%</td>
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<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Gross Rent Paid**
- LIHTC Units 2.00%
- Sub Units Increase 2.00%
- After Contract 2.00%
- Market Rent 0.00%
- Gross Residential Income 2.00%

**Gross Rent Paid - LIHTC Units**
- 2.00%

**Gross Rent Paid - Sub Units Increase**
- 2.00%

**Gross Rent Paid - After Contract**
- 2.00%

**Market Rent**
- 0.00%

**Gross Residential Income**
- 2.00%

**LIHTC Vacancy @ 7.0%**
- 0.00%

**Subsidized Residential Vacancy @ 7.0%**
- 0.00%

**Market Residential Vacancy @ 7.0%**
- 0.00%

**Other Income (yr) @ 2% increase / yr**
- 0.00%

**Commercial @ 2% increase / yr**
- 0.00%

**Commercial Vacancy @ 7.0%**
- 0.00%

**Total Effective Gross Income from Project**
- 238,039

**EXPENSES**

**GENERAL & ADMINISTRATIVE**
- 30,975

**PAYROLL & RELATED**
- 56,165

**UTILITIES**
- 25,039

**MAINTENANCE & REPAIR**
- 21,450

**MARKETING & LEASING**
- 5,966

**TAXES & INSURANCE**
- 20,686

**Other Income**
- 0.00

**Total Expenses**
- 159,280

**Replacement Reserve (Funding Req.) @$250**
- 7,500

**Loan Servicing and/or MIP Fees**
- 71,259

**First Mortgage Loan**
- 0.00

**Interest Pmt. - Community Bank of Texas**
- 38,309

**Loan Servicing and/or MIP Fees**
- 0.00

**Total Debt Service - Community Bank of Texas**
- 42,654

**Cash-flow after debt service - 1st**
- 71,250

**Debt coverage ratio after 1st mortgage**
- 0.00

**Second Mortgage Loan**
- 0.00

**Interest Pmt. - Denton County Housing Finance C**
- 0.00

**Loan Servicing and/or MIP Fees**
- 0.00

**Total Debt Service - Denton County Housing Fin**
- 0.00

**Cash-flow after debt service - 2nd**
- 71,250

**Debt coverage ratio (TIF Note only)**
- 0.00

**Third Mortgage Loan**
- 0.00

**Interest Pmt.**
- 0.00

**Loan Servicing and/or MIP Fees**
- 0.00

**Total Debt Service**
- 0.00

**Cash-flow after debt service - 3rd**
- 71,250

**Debt coverage ratio after 3rd mortgage**
- 0.00

**Fourth Mortgage Loan**
- 0.00

**Interest Pmt.**
- 0.00

**Loan Servicing and/or MIP Fees**
- 0.00

**Total Debt Service**
- 0.00

**Cash-flow after debt service - 4th**
- 71,250

**Debt coverage ratio after 4th mortgage**
- 0.00
### Cash Flow

#### Fifth Mortgage Loan

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<tr>
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<tr>
<td>Loan Servicing and/or MIP Fees</td>
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<tr>
<td>Total Debt Service</td>
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#### Debt coverage ratio after 5th mortgage

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<th>Coverage Ratio</th>
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<tr>
<td>2015</td>
<td>0.00</td>
</tr>
<tr>
<td>2016</td>
<td>3.58</td>
</tr>
<tr>
<td>2017</td>
<td>1.36</td>
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<tr>
<td>2018</td>
<td>1.35</td>
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<tr>
<td>2019</td>
<td>1.33</td>
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<td>2020</td>
<td>1.32</td>
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<td>2021</td>
<td>1.31</td>
</tr>
<tr>
<td>2022</td>
<td>1.30</td>
</tr>
<tr>
<td>2023</td>
<td>1.28</td>
</tr>
<tr>
<td>2024</td>
<td>1.27</td>
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<tr>
<td>2025</td>
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<td>2026</td>
<td>1.23</td>
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<tr>
<td>2027</td>
<td>1.14</td>
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#### Cash-flow after debt service - 5th

<table>
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<th>Year</th>
<th>Cash Flow</th>
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<tbody>
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#### Cash Flow After Required Payments & Funding of Operating Reserve

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#### PAYMENTS CONTINGENT ON AVAILABLE CASH-FLOW

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#### Capitalized Lease-Up Reserve (post-opening defi...
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## Use of Reserves Analysis

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<td>Insurance &amp; Tax Escrow Reserve</td>
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<td>80,435</td>
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<td>27,846</td>
<td>29,870</td>
<td>31,856</td>
<td>33,811</td>
<td>35,744</td>
<td>37,659</td>
<td>39,563</td>
<td>41,460</td>
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<td>Use of Insurance &amp; Tax Escrow Reserve</td>
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| Total Currently Expensed      | 0    | 0    | 0    | 0    | 0    | 0    | 89,966 | 83,013 | 76,624 | 70,772 | 65,412 | 60,014 | 56,014 | 51,906 | 48,148 | 44,714 | 41,577 |
| Total Currently Capitalized    | 0    | 0    | 0    | 0    | 0    | 0    | 21,297 | 23,203 | 25,063 | 26,883 | 28,670 | 30,430 | 32,170 | 33,853 | 35,606 | 37,314 | 39,020 |
| Cumulative Capitalized        | 0    | 0    | 0    | 0    | 0    | 0    | 21,297 | 44,500 | 69,564 | 96,447 | 125,117 | 155,547 | 187,716 | 221,610 | 257,216 | 294,530 | 333,550 |
| Depreciation Taken            | 27.5 | 0    | 0    | 0    | 0    | 0    | 774 | 1,618 | 2,530 | 3,507 | 4,550 | 5,656 | 6,828 | 8,059 | 9,353 | 10,710 | 12,129 |
| Remaining Capitalized Reserve | 0    | 0    | 0    | 0    | 0    | 0    | 20,523 | 42,108 | 64,641 | 88,017 | 112,138 | 136,912 | 162,255 | 188,090 | 214,343 | 240,946 | 267,837 |

<p>| Total Deduction for Use of Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 90,761 | 84,632 | 79,154 | 74,279 | 69,962 | 66,161 | 62,840 | 59,964 | 57,502 | 55,425 | 53,706 |</p>
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<th>Total</th>
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<th>Construction</th>
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<td>16,229,585</td>
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<td>Percentage of Cost with 130% Basis Boost</td>
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<td>0</td>
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<td>Subtotal</td>
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<tr>
<td>Other</td>
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<td>Adjustment</td>
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<td>0</td>
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<td>&quot;Hard-to-Develop Area&quot; or Qualified Census Tract</td>
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<td>100.00%</td>
<td>130.00%</td>
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<td>Percentage of Historic Related Costs</td>
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<th>Total Sq Ft</th>
<th>Fraction</th>
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<td><strong>TOTAL</strong></td>
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<th>Bond Proceeds (If Applicable)</th>
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<td>Bond Proceeds/Aggregate Basis</td>
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| Applicable fraction (the lesser of units or sq ft) | 100.00% |
Profit & Loss

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Sale
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0
0
0
0
0
0
0
0
0
0
0
0
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17,764
431,330
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9,000
593,171
0
0

2017
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6,260
38,309
19,948
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18,560
30,452
737,135
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9,270
207,000
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59,010
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30,452
675,248
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9,548
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2019
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17,692
113,151
57,727
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30,452
635,701
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13,613
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57,502
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(155,158)

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15,000,000

155,158

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18,206,034
17
1,805
18,049,071

Net Operating Income
Project Year
Interest Income on Reserves
Interest Expense - Community Bank of Texas
Interest Expense - Denton County Housing Finance Corpo
Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense 0
0
Deferred Developer's Fee Interest Pymt
Amortization
Depreciation
Partnership Management Fee
NEF Asset Fee
Expenses
Deduction for Use of Reserves
Third Party Bridge Loan Interest
Expenses Specially Allocated to GP
Incentive Management Fee

0
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Total Expenses

0

1,056,182

1,060,675

903,344

859,950

854,167

820,689

879,711

871,349

863,482

856,045

867,204

875,123

864,790

854,360

843,775

LOWER TIER TAXABLE PROFIT/LOSS

0

(971,424)

(749,402)

(539,441)

(494,948)

(488,230)

(453,989)

(512,429)

(505,903)

(500,014)

(494,721)

(508,206)

(518,654)

(511,073)

(503,638)

(496,307)

PROJECT PASSIVE LOSS BENEFITS
Tax Savings/Cost from Project @ 35.0%

0

(339,998)

(262,291)

(188,804)

(173,232)

(170,881)

(158,896)

(179,350)

(177,066)

(175,005)

(173,152)

(177,872)

(181,529)

(178,876)

(176,273)

(173,708)

(163,944)

Total Rehab Credits from Project

0

340,909

1,397,727

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,159,091

102,273

0

0

0

0

Total Acquisition Credits from Project

0

0

0

0

0

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0

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0

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Total Historic Preservation Tax Credit

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Total State Historic Preservation Tax Credit

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Total Cal State Tax Credit

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Total State Tax Credit

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Total Solar Credits

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340,909

1,397,727

1,500,000

1,500,000

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1,500,000

1,159,091

102,273

680,907
99.99%
68
680,839

1,660,018
99.99%
166
1,659,852

1,688,804
99.99%
169
1,688,636

1,673,232
99.99%
167
1,673,065

1,670,881
99.99%
167
1,670,714

1,658,896
99.99%
166
1,658,730

1,679,350
99.99%
168
1,679,182

1,677,066
99.99%
168
1,676,898

1,675,005
99.99%
168
1,674,837

1,673,152
99.99%
167
1,672,985

1,336,963
99.99%
134
1,336,829

283,802
99.99%
28
283,773

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TOTAL
5,478,566

PROJECT CREDIT BENEFITS

TOTAL CREDITS
Total Tax Savings from Project @ 35.0% Rate

Min Gain Percentage Allocation
General Partner Share @ 0.01%
Limited Partner Share @ 99.99%

0
99.99%
0
0

178,876
99.99%
18
178,858

176,273
99.99%
18
176,256

173,708
99.99%
17
173,690

163,944
99.99%
16
163,927


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<tr>
<td>Annual Total</td>
<td>494,719</td>
<td>0</td>
<td>17,764</td>
<td>48,216</td>
<td>78,668</td>
<td>109,121</td>
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<td>291,834</td>
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<td>Cumulative Total</td>
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<td>17,764</td>
<td>48,216</td>
<td>78,668</td>
<td>109,121</td>
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<td>Adjusted Basis</td>
<td>LP Ownership</td>
<td>Depreciation Method</td>
<td>GP Ownership</td>
<td>Depreciation Method</td>
<td>Average Life (yrs)</td>
<td>Average in Service 6/9/16</td>
<td>2013 Out of Service</td>
<td>2014 Bonus Depreciation</td>
<td>Total Bonus Depreciation</td>
<td>Remaining</td>
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<td>27.5000</td>
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<td>Personal Property</td>
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**Bonus Depreciation**

- Are ANY buildings going to be vacant during rehab: N
- Commercial income <20% of total income: Y/N
- Take bonus depreciation: 
- Buildings construction completion over more than one year: 

### Rehabilitation Basis

<table>
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<tr>
<th>Residential Bldg Acq</th>
<th>Residential Const</th>
<th>Commercial</th>
<th>Site Improvements</th>
<th>Personal Property</th>
<th>Land/Site Imp/Amenities</th>
<th>Deferred Developer Fees</th>
<th>TOTAL</th>
<th>Bonus Depreciation</th>
<th>Bldg by Bldg Deprecation</th>
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Minimum Gain

NEF

Year

Total NEF
Equity

0

2015

15,598,440

1

2016

TC

Project Taxable
Income (Loss)

Year

0
(971,424)

LP Percent of LP Portion of
Taxable income
Income
(Loss)
(Loss)
99.99%

0

99.99%

(971,327)

Historic
Credit
Adjustment

Cash Flow

Allocation of
Adjusted
Reallocation of
Min Gain to
Income (Loss) Losses to LP
LP

0

0

15,598,440

0

0

0

0

14,627,113

0

0

Capital
Account
Balance

0
(971,327)

Adjusted
Capital
Account

Min Gain
Generated from
Contingent Loans

Min Gain
Generated from
Related Party
Loans

15,598,440

0

0

14,627,113

0

0

2

2017

(749,402)

99.99%

(749,327)

0

0

13,877,786

0

0

(749,327)

13,877,786

0

0

3

2018

(539,441)

99.99%

(539,387)

0

0

13,338,399

0

0

(539,387)

13,338,399

0

0

4

2019

(494,948)

99.99%

(494,899)

0

0

12,843,500

0

0

(494,899)

12,843,500

0

0

5

2020

(488,230)

99.99%

(488,182)

0

0

12,355,319

0

0

(488,182)

12,355,319

0

0

6

2021

(453,989)

99.99%

(453,944)

0

0

11,901,375

0

0

(453,944)

11,901,375

0

0

7

2022

(512,429)

99.99%

(512,378)

0

0

11,388,997

0

0

(512,378)

11,388,997

0

0

8

2023

(505,903)

99.99%

(505,852)

0

0

10,883,145

0

0

(505,852)

10,883,145

0

0

9

2024

(500,014)

99.99%

(499,964)

0

0

10,383,181

0

0

(499,964)

10,383,181

0

0

10

2025

(494,721)

99.99%

(494,671)

0

0

9,888,509

0

0

(494,671)

9,888,509

0

0

11

2026

(508,206)

99.99%

(508,155)

0

2,927

9,377,428

0

0

(508,155)

9,377,428

0

0

12

2027

(518,654)

99.99%

(518,602)

0

5,225

8,853,601

0

0

(518,602)

8,853,601

0

0

13

2028

(511,073)

99.99%

(511,022)

0

4,832

8,337,747

0

0

(511,022)

8,337,747

0

0

14

2029

(503,638)

99.99%

(503,587)

0

4,402

7,829,758

0

0

(503,587)

7,829,758

0

0

15

2030

(496,307)

99.99%

(496,258)

0

3,935

7,329,566

0

0

(496,258)

7,329,566

0

0

16

2031

(468,410)

99.99%

(468,364)

0

3,427

6,857,775

0

0

(468,364)

6,857,775

0

0

17

2032

(443,308)

99.99%

(443,263)

0

1,666

6,412,846

0

0

(443,263)

6,412,846

0

0

0

0

0

0

0

6,412,846

0

0

18

2033
0
99.99%
0
If GP is related party only 45% of the losses can be allocated to the GP
(9,160,097)

(9,159,181)

0

Exit Tax per
Unit

No Min Gain Problem

= tax credit years

GP Capital Account
TC

Year

Total GP
Equity

GP Taxable
Income (Loss)

Cash Flow

Year

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033

100

0
(97)
(75)
(54)
(49)
(49)
(45)
(51)
(51)
(50)
(49)
(51)
(52)
(51)
(50)
(50)
(47)
(44)
0

0
0
0
0
0
0
0
0
0
0
0
0
1
0
0
0
0
0
0

Capital
Account
Balance
100
3
(72)
(126)
(176)
(224)
(270)
(321)
(372)
(422)
(471)
(522)
(575)
(626)
(677)
(727)
(774)
(819)
(819)

Reallocation of
Income (Loss)

0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0
0

Adjusted
Capital
Account
100
3
(72)
(126)
(176)
(224)
(270)
(321)
(372)
(422)
(471)
(522)
(575)
(626)
(677)
(727)
(774)
(819)
(819)

2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033

Partnership
Basis

Accumulated
Depreciation

Year End
Partnership
Basis

17,781,448
17,781,448
17,781,448
17,781,448
17,781,448
17,781,448
17,781,448
17,781,448
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0

0
431,330
1,168,465
1,843,714
2,479,415
3,113,313
3,717,844
4,294,881
4,874,066
5,455,376
6,038,777
6,623,956
7,209,838
7,795,720
8,381,602
8,967,484
9,538,180
10,093,688
0

17,781,448
17,350,119
16,612,983
15,937,735
15,302,034
14,668,136
14,063,605
13,486,567
12,907,382
12,326,072
11,742,671
11,157,492
10,571,610
9,985,728
9,399,846
8,813,964
8,243,269
7,687,760
0

Partnership
NonRecourse
Liabilities

0
0
3,481,875
3,425,981
3,367,713
3,306,947
3,243,549
3,177,376
3,108,278
3,036,091
2,960,644
2,881,754
2,799,224
2,712,845
2,622,393
2,527,630
2,428,301
2,324,133
1,199,412

Partnership
Minimum Gain

Allocation of
Minimum
Gain to LP

Reallocation of
Losses to GP or
Related Lender

0
0
0
0
0
0
0
0
0
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0
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1,199,412

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1,199,292

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## Residual Analysis

### Net Operating Income and Cap Rate Approach

#### Using Model Rents

<table>
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<tr>
<th>Year</th>
<th>Cap Rate Assumption</th>
<th>Source of Rate</th>
<th>Total Annual Income (net of vacancy)</th>
<th>NOI Replacement Res Trending</th>
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</thead>
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<tr>
<td>2015</td>
<td>6%</td>
<td>2,152,128</td>
<td>1,598,190</td>
<td>507,043</td>
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</table>

#### Using Model Market Rents

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<tr>
<th>Year</th>
<th>Cap Rate Assumption</th>
<th>Source of Rate</th>
<th>Total Annual Income (net of vacancy)</th>
<th>NOI Replacement Res Trending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>6%</td>
<td>2,152,128</td>
<td>1,598,190</td>
<td>507,043</td>
</tr>
</tbody>
</table>

### Assumptions applied to Projections from Year 1

- Residential Income Trending: 3.00%
- Expense Trending: 3.00%
- Residential Vacancy: 5.00%
- Commercial Vacancy: 5.00%
- Other Income Trending: 3.00%
- Commercial Vacancy: 5.00%
- Rent Replacement Res Trending: 3.00%
- NEF Replacement Res Trending: 3.00%

### Other Income Trending

<table>
<thead>
<tr>
<th>Year</th>
<th>Others Income Trending</th>
</tr>
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<tbody>
<tr>
<td>2017</td>
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### NOI

<table>
<thead>
<tr>
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<th>NOI</th>
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<td>2015</td>
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### Residual Value Approach

<table>
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<th>Year</th>
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<tbody>
<tr>
<td>2016</td>
<td>3,154,167</td>
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### Required Financing

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>2018</td>
<td>1,495,655</td>
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### Using Model Market Rents

<table>
<thead>
<tr>
<th>Year</th>
<th>Using Model Market Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>3,154,167</td>
</tr>
</tbody>
</table>

### Using Model Rents

<table>
<thead>
<tr>
<th>Year</th>
<th>Using Model Rents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>3,154,167</td>
</tr>
</tbody>
</table>

### Community Bank of Texas

- Commercial Vacancy: 5.00%
- Other Income Trending: 3.00%
- Commercial Vacancy: 5.00%
- Rent Replacement Res Trending: 3.00%
- NEF Replacement Res Trending: 3.00%

### New Interest Rate

- Continuation Partnership Mgmt Fee after year of Sale
- Continuation Incentive Mgmt Fee after year of Sale
APPENDIX I

PROJECTIONS
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009

Existing Development Name Churchill at Champions Circle

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section 811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent: Email communication asking for approval

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Brad – unfortunately NEF cannot provide permission to accommodate 811 units in NEF’s existing projects. The attached letter details the reasoning.

If you have any questions or need anything further, please let me know.

Thank you – Jason

Jason Aldridge  | Vice President of Originations
NATIONAL EQUITY FUND ®
5332 Longview St.
Dallas, TX 75206
Phone (972) 741-5150

Jason,

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from National Equity Fund that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Morningstar, Colony Texas
Churchill at Champions Circle, Fort Worth Texas
Evergreen at Vista Ridge, Lewisville Texas
Evergreen at Arbor Hills, Carrollton Texas
Evergreen at Rowlett, Rowlett Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 5, 2019

Brad Forslund
Churchill Residential
5605 N. McArthur Blvd, Ste 580
Irving, TX 75038

Re: Churchill’s 811 Eligible Properties

Dear Mr. Forslund:

National Equity Fund (“NEF”) serves as the Limited Partner and LIHTC investor in five LIHTC properties that are operated by Churchill Residential (“Churchill”) and are eligible for the Section 811 Project Rental Assistance Program (“811”). The five properties are as follows:

- Evergreen at Morningstar – 6245 Morning Star Dr. The Colony, TX
- Churchill at Champions Circle – 3424 Outlet Blvd. Fort Worth, TX
- Evergreen at Vista Ridge – 455 Highland Dr. Lewisville, TX
- Evergreen at Arbor Hills – 2314 Parker Rd. Carrollton, TX
- Evergreen at Rowlett – 5611 Old Rowlett Rd. Rowlett, TX

Churchill has brought to NEF’s attention an inquiry to add 811 units to these existing properties. NEF has a responsibility to its investors to maintain the initial underwriting, operational, and risk profile of these projects contemplated at closing and thus we respectfully deny this request as it would present significant challenges for each project’s stakeholders. NEF’s denial is based on the following:

1. NEF’s LPA Requires Consent to Alter a Project’s Unit Mix/Restrictions for all 5 Churchill projects listed above – To use Evergreen at Rowlett as an example, stated in the Limited Partnership Agreement (LPA) under Section 6.2 Restrictions of GP’s Authority:

   Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

   6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan and Subordinate Cash Flow Loans);
The documents referenced above spell out the various rent set asides, tenant targeting, operating revenues and expenses, etc. associated with the property – incorporating 811 units constitutes as a change to those documents and thus legally requires NEF’s written approval.

2. Economic Risk – currently none of the Churchill properties listed above include project based vouchers; it would take significant costs to train management, compliance, and accounting personnel to accommodate 811 vouchers as Churchill manages their own properties and thus cannot leverage the knowledge of a larger, third party property management firm. These additional upfront and ongoing costs were not initially contemplated and underwritten at project closing. NEF recognizes that the 811 program provides subsidized rents that could potentially offset some or all of these costs; however, that determination would require an in-depth analysis (and potentially revised third party reports such as market study and appraisal) which would incur investor/lender costs that are in addition to the added on-going costs at the property level.

3. Operational Risk – The 5 properties above are stable, well performing communities with an active tenant base – 4 of the 5 are senior properties. These tenants are demanding, informed, and organized. It is unclear to NEF how the current tenant base will react to the potential of 811 tenants that were not contemplated when they made the decision to lease. The risk of increased tenant concerns and turnover is real even if the actual risk posed by 811 tenants is not.

To be clear, NEF does not have any issue with the 811 program and respects its purpose/mission as a worthy one. NEF plans to participate in many Texas communities going forward that include 811 units and NEF and the project’s stakeholders will have the ability to underwrite the program’s operational and economic implications at closing. However, it is extremely difficult and risky for NEF to recommend to our investors a significant change in unit restrictions, tenant targeting, economics, and operations after closing.

Please let me know if you have any questions regarding this matter.

Sincerely,

Jason Aldridge  
Vice President  
National Equity Fund
TDHCA #15020 Evergreen at Rowlett

No legal authority to commit to Section 811 Program
Special Limited Partner does not control the Partnership
Section 811 Project Rental Assistance (“PRA”) Program Supplement Packet

Questionnaire

2019 Uniform Multifamily Application #19009

1) Selecting Points under 10 TAC §11.9(c)(6)?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 2

2) To obtain Points under 10 TAC §11.9(c)(6), Applicants must first attempt to meet the requirements in §11.9(c)(6)(B).
   Does the Applicant Own or Control and Existing Development that appears on the List of Qualified Existing Developments?
   □ No – STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 3

3) Is the Applicant seeking to establish its lack of legal authority where an Applicant Owns or Controls an Existing Development that appears on the List of Qualified Existing Developments?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO QUESTION 4

4) Can the Applicant provide all three of the following items listed under §11.9(c)(6)(A)(i)-(iii)?
   □ No - STOP. PACKET SUBMISSION NOT NEEDED
   ☑ Yes – CONTINUE TO COVER PAGES

   (i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided ([Examples: Limited Partnership Agreement or Loan Agreement];

   (ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent ([Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program]); AND

   (iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent ([Example: Letter from the Third Party identified in (ii) that they are denying an Existing Development from participation]).
(i) Evidence that a Third Party has a legal right to withhold approval for a Property to commit voluntarily to the Section 811 PRA Program. The specific legally enforceable agreement or other instrument that gives the Third Party, such as a lender, the unambiguous legal right to withhold consent must be provided (Examples: Limited Partnership Agreement or Loan Agreement)

Describe the specific legally enforceable agreement being attached: Limited Partnership Agreement

Provide the name of the Third Party: National Equity Fund

List the specific citation in the agreement that clearly denotes the Third Party has a legal right to withhold consent: 6.2 & 6.3

List the page number in the agreement that clearly denotes the Third Party has a legal right to withhold consent: Pages 45, 46 & 49 highlighted

ATTACH PDF OF THE LEGALLY ENFORCEABLE AGREEMENT BEHIND THIS PAGE.
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT
OF
EVERGREEN ROWLETT SENIOR COMMUNITY, L.P.
April 19, 2016

GENERAL PARTNER: Evergreen Rowlett Senior Community GP, LLC
1345 River Bend Drive, Suite 263
Dallas, Texas 75247

LIMITED PARTNER: NEF Assignment Corporation, as nominee
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

SPECIAL LIMITED PARTNER: Churchill Senior Residential, LLC
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Recitals</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 1: Definitions</td>
<td>1</td>
</tr>
<tr>
<td>Article 2: Organization</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.1 Continuation of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.2 Character and Purpose of Business</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.3 Name of Partnership</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.4 Principal Place of Business</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.5 Principal Office</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.6 Agent for Service of Process</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.7 Name and Address of General Partner</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.8 Names and Addresses of Limited Partner and Special Limited Partner</td>
<td>19</td>
</tr>
<tr>
<td>Section 2.9 Governmental Filings</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.10 Term of Partnership</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.11 Compliance with Laws</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.12 Statutory Record Keeping</td>
<td>20</td>
</tr>
<tr>
<td>Section 2.13 Related Party Debt</td>
<td>21</td>
</tr>
<tr>
<td>Section 2.14 Non-Confidential Tax Shelter</td>
<td>21</td>
</tr>
<tr>
<td>Section 2.15 Definitions</td>
<td>21</td>
</tr>
<tr>
<td>Article 3: Capital Contributions and Partner Loans</td>
<td>22</td>
</tr>
<tr>
<td>Section 3.1 General Partner’s and Special Limited Partner’s Capital Contributions</td>
<td>22</td>
</tr>
<tr>
<td>Section 3.2 Limited Partner’s Capital Contributions</td>
<td>23</td>
</tr>
<tr>
<td>Section 3.3 Additional Provisions Concerning Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.4 Interest on Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.5 Withdrawal and Return of Capital Contributions</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.6 Capital Accounts</td>
<td>30</td>
</tr>
<tr>
<td>Section 3.7 Partnership Loans</td>
<td>31</td>
</tr>
<tr>
<td>Section 3.8 Additional Capital Contributions</td>
<td>31</td>
</tr>
<tr>
<td>Section 3.9 Limited Partner’s Withdrawal Option</td>
<td>32</td>
</tr>
<tr>
<td>Article 4: Allocation of Profits, Losses and Tax Credits</td>
<td>33</td>
</tr>
<tr>
<td>Section 4.1 Profit and Loss Allocations</td>
<td>33</td>
</tr>
<tr>
<td>Section 4.2 Special Allocations</td>
<td>33</td>
</tr>
<tr>
<td>Section 4.3 Timing of Allocations</td>
<td>37</td>
</tr>
<tr>
<td>Section 4.4 Other Allocation Rules</td>
<td>37</td>
</tr>
<tr>
<td>Section 4.5 Tax Effect of Allocations</td>
<td>38</td>
</tr>
<tr>
<td>Article 5: Distributions</td>
<td>39</td>
</tr>
<tr>
<td>Section 10.2</td>
<td>Involuntary Transfers</td>
</tr>
<tr>
<td>Section 10.3</td>
<td>Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests</td>
</tr>
<tr>
<td>Section 10.4</td>
<td>Distributions and Allocations with Respect to Transferred Partnership Interests</td>
</tr>
<tr>
<td>Section 10.5</td>
<td>Voluntary Withdrawal</td>
</tr>
<tr>
<td>Section 10.6</td>
<td>Removal of General Partner and/or Special Limited Partner</td>
</tr>
<tr>
<td>Section 10.7</td>
<td>Nominee’s Enforcement Powers</td>
</tr>
</tbody>
</table>

**ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION**

| Section 11.1 | Dissolution | 106 |
| Section 11.2 | Winding Up and Termination | 106 |
| Section 11.3 | Compliance with Liquidation Requirements of Regulations | 107 |
| Section 11.4 | Rights and Obligations of Limited Partner Upon Dissolution | 108 |
| Section 11.5 | Waiver of Partition | 108 |
| Section 11.6 | Final Accounting | 108 |

**ARTICLE 12: MISCELLANEOUS**

| Section 12.1 | Notices and Addresses | 109 |
| Section 12.2 | Pronouns and Plurals | 109 |
| Section 12.3 | Counterparts | 109 |
| Section 12.4 | Applicable Law | 109 |
| Section 12.5 | Successors | 109 |
| Section 12.6 | Severability | 109 |
| Section 12.7 | Exhibits | 109 |
| Section 12.8 | Limitation of Benefits | 109 |
| Section 12.9 | Entire Agreement | 110 |
| Section 12.10 | Broker’s Commission and Indemnity | 110 |
| Section 12.11 | Amendment of Partnership Agreement | 110 |
| Section 12.12 | Power of Attorney | 110 |
| Section 12.13 | More Than One Limited Partner | 111 |
| Section 12.14 | Third Party Beneficiary | 111 |

Appendix I - Projections

- Exhibit A - Purchase Option and Right of First Refusal
- Exhibit B - Form of Final Lien Waiver and Release
- Exhibit C - Form of General Partner Certification
- Exhibit D - Development Fee Agreement
- Exhibit E - Guaranty
This Amended and Restated Limited Partnership Agreement (this "Partnership Agreement") of Evergreen Rowlett Senior Community, L.P., a Texas limited partnership (the "Partnership"), dated and effective as of the date first set forth above, is entered into by and among EVERGREEN ROWLETT SENIOR COMMUNITY GP, LLC, a Texas limited liability company (the "General Partner"), CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company (the "Special Limited Partner") and NEF ASSIGNMENT CORPORATION, as nominee, an Illinois not-for-profit corporation (the "Limited Partner"). Bradley E. Forslund, an individual, joins in this Partnership Agreement to evidence his withdrawal as Initial Limited Partner.

**RECITALS**

In this Partnership Agreement, terms in initial capital letters that are not defined elsewhere shall have the meanings given to them in Article 1.

The Partnership was formed as a limited partnership under the Act pursuant to the Certificate of Formation and the Initial Agreement. The purposes of this Partnership Agreement are to (i) provide for the organization and continuation of the Partnership, (ii) provide for the admission of NEF Assignment Corporation, as nominee, as the Limited Partner, (iii) provide for the withdrawal of the Initial Limited Partner as a partner, and (iv) set forth more fully the rights, obligations, and duties of the Partners (as hereinafter defined).

Accordingly, it is agreed that the Initial Agreement is hereby amended and restated in its entirety by this Partnership Agreement.

**ARTICLE 1: DEFINITIONS**

The capitalized words and phrases used in this Partnership Agreement shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of such words and phrases):

"10% Test" means the determination, made in accordance with Section 42(h)(1)(E) of the Code, that the Partnership’s basis in the Project is greater than 10% of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the
calendar year in which the Partnership receives an allocation of Tax Credits for the Project by the State Housing Finance Agency.

"Accountant" means Novogradac & Company LLP or such certified public accountant as is selected by the General Partner with the prior written approval of the Limited Partner or identified by the Limited Partner pursuant to Section 8.6.3 herein.

"Accountant’s Carryover Certification" means the certification by the Accountant indicating that the Partnership has satisfied the 10% Test by the Ten Percent Due Date.

"Accountant’s Section 168(h) Certification" means that certain Accountant’s Certificate Regarding 168(h)(6) Election and Election to be Taxed as a Corporation provided by the Accountant to the Limited Partner as one of the Project Closing Checklist items.

"Act" means the Texas Revised Business Organizations Code, as the same may be amended from time to time (or any corresponding provisions of any successor law).

"Actual Tax Credits" means the Tax Credits which the Partnership allocates to the Limited Partner (as determined by the Accountant) with respect to any taxable year.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under any provision of this Partnership Agreement or is otherwise treated as being obligated to restore under Treasury Regulations Section 1.704-2(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and (b) the debit to such Capital Account of the amounts described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" means, (a) with respect to any Person (or as to every Partner if no Person is specifically named), (i) such Person or any member of his Immediate Family; (ii) the legal representative, successor, or assign of, or any trustee of a trust for the benefit of, any such Person or member of his Immediate Family; (iii) any entity of which a majority of the voting interests is owned by any one or more of the Persons referred to in the preceding clauses (i) and (ii); (iv) any officer, director, trustee, employee, stockholder (10% or more) or partner of any Person referred to in the preceding clauses (i), (ii), and (iii); and (v) any Person directly or indirectly controlling (10% or more), controlled by or under direct or indirect common control with, any Person referred to in any of the preceding clauses; and (b) with respect to the Limited Partner, any limited liability company or limited partnership in which the managing member or general partner, as applicable, is NEF or an Affiliate of NEF.

"Applicable Federal Rate" means the “applicable federal rate” as defined in Code Section 1274(d).
“Applicable Percentage” means the applicable percentage for the Project determined in accordance with Section 42(b)(1) of the Code.

“Architect” means Arrive Architecture Group, LLC.

“Architect Agreement” means that certain agreement, dated November 6, 2015, by and between the Partnership and the Architect in connection with the design of the Project.

“Asset Management Fee” means an annual fee of $9,000.00, to be increased annually by 3.00%.

“Asset Manager” means NEF Community Investments, Inc., an Illinois not-for-profit corporation, or any replacement or substitute entity selected by the Limited Partner in its sole and absolute discretion and identified in writing to the General Partner.

“Assignee” means a Person to whom all or any part of a Limited Partner’s Partnership Interest has been transferred in a manner permitted under or contemplated by this Partnership Agreement, but who has not been admitted to the Partnership as a Substituted Limited Partner with respect to the transferred Partnership Interest.

“Building” means each building in the Project that is assigned a separate building identification number (BIN) in the documents evidencing the allocation of Tax Credits for the Project.

“Capital Account” means, with respect to any Partner, the capital account maintained for such Partner pursuant to Section 3.6.

“Capital Contribution” means, with respect to any Partner, the total amount of cash or any cash equivalents contributed and/or agree to be contributed to the Partnership, including all adjustments thereto, as provided in this Partnership Agreement. Except for obligations incurred in connection with Section 6.4.6(i)-(iii), and any loans made in accordance with Section 3.7 hereof, any additional advances actually made by the General Partner shall be treated as a Capital Contribution of such General Partner for purposes of this Partnership Agreement. Any reference in this Partnership Agreement to the Capital Contribution of a substituted Partner shall include all Capital Contributions previously made by any predecessor or former Partner in respect of the Partnership Interest acquired by the substituted Partner, subject to all adjustments thereto pursuant this Partnership Agreement.

“Carryover Allocation Agreement” means the agreement evidencing the allocation of Tax Credits for the Project made by the State Housing Finance Agency pursuant to Section 42(h)(1)(E) of the Code.

“Carryover Allocation Documents” means the Carryover Allocation Agreement, the Accountant’s Carryover Certification, and the invoices and other backup documentation relied upon by the Accountant in issuing the Accountant’s Carryover Certification, as discussed in the Carryover Allocation Documents Memorandum.
“Carryover Allocation Documents Memorandum” means the memorandum provided as a Project Closing Checklist item by the Limited Partner to the General Partner and the Accountant that discusses the Carryover Allocation Documents to be provided by the Accountant in satisfaction of one of the conditions related to the Second Installment.

“Cash Flow” means, with respect to any Fiscal Year of the Partnership, the Gross Cash Receipts for such year, reduced by the sum of the following: (a) Required Debt Service Payments; (b) all cash expenditures incurred incident to the Operating Expenses of the Partnership for that Fiscal Year; and (c) such cash as is necessary to (i) pay all accrued, outstanding trade payables, and (ii) establish any additional reserves as the Partners shall from time to time agree to establish.

“Cash Flow Debt Service Payments” means all principal, interest and other charges and fees that are principal and interest payments which are payable in connection with the Construction Loan and, or, any Permitted Loan, and the payment or amount of which are contingent on available net operating receipts of the Partnership, including, but not limited to, payment with respect to (i) loans payable solely from Cash Flow, (ii) loans to the Partnership from the General Partner (including loans made pursuant to Section 3.7 or Sections 6.4.6(i), 6.4.6(i)(a), or 6.4.6(iii) hereof), and (iii) loans to the Partnership from the Limited Partner.

“Certificate of Formation” means the Partnership’s certificate of formation prepared in accordance with the Act, dated September 4, 2015, and filed with the Filing Office on September 4, 2015.


“Change of Law” means a change, occurring after the date of this Partnership Agreement, in the Code of the Regulations that, in the opinion of competent tax counsel approved by the Partners, prevents the Limited Partner from receiving any or all of the Projected Tax Credits.

“Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time (or any corresponding provisions of any successor law).

“Compliance Period” means, with respect to any Building in the Project Property, the 15 taxable years beginning with the first taxable year of the Credit Period with respect thereto, as defined in Section 42(i)(1) of the Code.

“Construction Completion” means the date upon which the Partnership has completed the construction of the Project substantially in accordance with the Project Documents and the Loan Documents, as evidenced by both (a) a certificate prepared and executed by the Architect indicating that construction of the Partnership Property has been completed substantially in accordance with the Plans and Specifications (except for punch list items which are not material and do not affect the rental of the space in the Project on a full rent paying basis; provided, however, that the Partnership has delivered sufficient funds or cash equivalents in escrow, or has retained sufficient funds pursuant to the Construction Contract, to provide for the completion of such punch list items) and (b) a certificate of occupancy for all Residential Units.
“Construction Completion Date” means the date on which Construction Completion is achieved, which in any event shall not exceed the end of the second year after the year in which the Project receives an allocation of Tax Credits or, if earlier, the date required by any Lender or State Agency.

“Construction Contract” means that certain agreement, of even date herewith, entered into by and between the Partnership and the Contractor in connection with the construction and/or rehabilitation of the Project.

“Construction Lender” means Capital One N.A., or another lender reasonably acceptable to the Limited Partner.

“Construction Loan” means that certain loan to the Partnership from the Construction Lender in the original principal amount not to exceed $12,372,297.00, which loan is evidenced by the Construction Loan Documents.

“Construction Loan Documents” means any and all of the documents evidencing, securing, or related to the Construction Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

“Contractor” means LifeNet Community Behavioral Healthcare.

“Cost Certification” means the following documents which must be delivered to the Limited Partner after Placement in Service of the Project (a) a letter or certification from the Accountants in the form satisfactory to the State Housing Finance Agency and the Limited Partner certifying, among other things, that the Accountants have examined the books and records and will sign a tax return including the Project costs specified in the letter in Tax Credit basis, and (b) a certification by the General Partner that the Accountants’ letter accurately reflects actual Project costs.

“Credit Period” means, with respect to any Building in the Project the period of ten taxable years beginning with (a) the taxable year in which the Building is placed in service or (b) at the election of the taxpayer, the next succeeding taxable year, but only if the Building is a qualified low-income building (as defined in the Code) as of the close of the first year of such period. Special rules apply to the determination of the Credit Period for multiple building Projects and the first year of the Credit Period pursuant to Code Section 42.

“Credit Reduction Payment” shall have the meaning attributed thereto in Section 6.9 of this Partnership Agreement.

“Credit Shortfall” shall have the meaning attributed thereto in Section 6.9.3 of this Partnership Agreement.

“Debt Service Coverage Ratio” shall be defined as the Gross Cash Receipts for a specified period (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) reduced by all Operating Expenses, divided by Required Debt Service Payments. The Operational Costs of the Partnership shall be
used to calculate Debt Service Coverage Ratio only for purposes of defining the Right-Sized Permanent Loan Amount and Stabilized Occupancy.

“Deferred Development Fee” means the Development Fees, including any interest imposed pursuant to Section 3.2.6(ii) herein, that are to be paid out of Cash Flow from the Project or the proceeds of sales and refinancings and not from the Capital Contribution of the Limited Partner or the Project financing. The amount of the Deferred Development Fee shall include any accrued interest calculated in accordance with Section 3.2.6(iii).

“Developer” means Churchill Senior Communities, L.P., a Texas limited partnership and LifeNet Community Behavioral Healthcare, a Texas non-profit corporation.

“Development Completion Guaranty” means all of the obligations of the General Partner as described in Section 6.4.6(i) of this Partnership Agreement.

“Development Fee Agreement” means the Development Fee Agreement attached as Exhibit D entered into or to be entered into by the Partnership and the Developer pursuant to which the Developer shall have primary responsibility for the development of the Project Property.

“Development Fee” means the fee in the amount $2,223,474.00 described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

“Disposition Fee” means the fee described in Section 6.5.4.

“Eligible Basis” means, generally, the adjusted basis of a Building for depreciation purposes determined as of the close of the first taxable year of the Credit Period, subject to certain exclusions as set forth in the Code.

“Environmental Certification” means delivery to the Limited Partner, upon completion of rehabilitation or construction, of a certification by the General Partner that the Project has been completed in accordance with the recommendations contained in the environmental report(s) for the Project.

“Environmental Law” means (a) CERCLA, (b) the Clean Air Act, as amended, 42 U.S.C. 7401 et seq., (c) the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq., (d) the Hazardous Materials Transportation Act, as amended, 39, U.S.C. 1801 et seq., (e) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq., (f) the Toxic Substances Control Act, as amended, 15 U.S.C. 2601 et seq., (g) the Safe Drinking Water Act, as amended, 42 U.S.C. 300f et seq., (h) the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821 et seq.; (i) the Occupational Safety and Health Act of 1970, 29 U.S.C. 651 et seq.; (j) any other similar state or local law, or (n) any regulation adopted or publication promulgated pursuant to any such laws”.

“Extended Use Agreement” means the extended low-income housing commitment entered into between the Partnership and the State Housing Finance Agency pursuant to Section 42(h)(6) of the Code.
“Fifth Installment” has the meaning set forth in Section 3.2.5 of this Partnership Agreement.

“Filing Office” means the Secretary of State of the Project State.

“First Installment” has the meaning set forth in Section 3.2.1(i) of this Partnership Agreement.

“First Year Tenant Files” means such information or documents that evidence the tenant’s qualification to occupy the Tax Credit Unit, including, but not limited to, tenant applications, executed tenant lease agreements, tenant income and asset certifications and verifications, student status verification, and rent rolls obtained by the Property Management Agent with respect to those tenants who occupy the Tax Credit Units during the period beginning with the date that the Project achieves Placement in Service and ending with the date that the Project achieves Qualified Occupancy.

“Fiscal Year” means the calendar year unless otherwise specified in writing by the Limited Partner.

“Foreign Drywall” means drywall, plasterboard, gypsum board or sheetrock manufactured in or imported from China.

“Form 8609” means the IRS Form 8609 (Low-Income Housing Tax Credit Allocation Certification) issued by the State Agency for each residential Building in the Project which finally allocates Tax Credits to such residential Building as evidenced by the execution of Part II of the form by the State Housing Finance Agency.

“Fourth Installment” has the meaning set forth in Section 3.2.4 of this Partnership Agreement.

“GAAP” means generally accepted accounting principles established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants in effect in the United States, as amended from time to time.

“Guaranty Procurement Fee” means the portion of Cash Flow that is paid to the Special Limited Partner pursuant to Section 5.1.1 as an additional fee for obtaining the Guarantor’s guarantees under the Guaranty Agreement and negotiating the terms of that agreement on the behalf of the Partnership.

“General Partner” means Evergreen Rowlett Senior Community GP, LLC, which is wholly owned by LifeNet Community Behavioral Healthcare, or any other Person who becomes a successor general partner pursuant to Section 10.1, Section 10.2 or Section 10.3. If there is more than one General Partner, they are referred to herein singularly and collectively as the General Partner, as the context may require or suggest.

“Gross Cash Receipts” means all cash received from the operations of the Partnership, including all government subsidies due and payable at such time but not yet received by the Partnership and including security deposits properly released in accordance with resident lease
agreements and the proceeds of rental interruption insurance, but excluding Capital Contributions, loan proceeds, prepayment of rent, security deposits, insurance proceeds other than rental interruption insurance, condemnation awards, proceeds from Net Cash from Sales and Refinancings, and any other funds not generated from current Project operations.

"Guarantor" means Churchill Senior Communities, L.P.

"Guaranty Agreement" means the Guaranty Agreement attached as Exhibit E between the Partnership and the Guarantor(s) dated as of the date hereof whereby the Guarantor(s) guaranty(ies) the obligations of the General Partner under the Partnership Agreement.

"Hazardous Substance" means any substance defined in any Environmental Law as a hazardous substance, including, but not limited to, any hazardous material, hazardous waste, toxic substance or toxic waste lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substances, petroleum, benzene, toluene, ethylbenzene or xylene (BTEX), methyl tertiary butyl ether (MTBE) underground storage tanks, polychlorinated biphenyls (PCBs), radon, or any other pollutant that may have a material adverse effect on the Project.

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

"Immediate Family" means, with respect to any Person, his or her spouse, children, including adopted children, step-children, parents, parents-in-law, nephews, nieces, brothers, sisters, brothers-in-law and sisters-in-law, each whether by birth, marriage or adoption, as well as any inter vivos trusts created for the benefit of such Person or any of the foregoing.

"Incentive Partnership Management Fee" means the portion of Cash Flow that is paid to the General Partner pursuant to Section 5.1.1 as an additional fee for managing the affairs of the Partnership.

"Initial Agreement" means the Partnership’s original limited partnership agreement entered into as of September 4, 2015, by and among the General Partner, the Special Limited Partner and the Initial Limited Partner.

"Initial Limited Partner" means Bradley E. Forslund, an individual.

"Involuntary Event" means, with respect to any Partner any one of the following events: (a) the making of an assignment for the benefit of creditors by the Partner; (b) the filing of a voluntary petition in bankruptcy by the Partner; (c) the adjudication of the Partner as a bankrupt or insolvent; (d) the filing of a petition or answer by the Partner seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the seeking, consenting to or acquiescence of the Partner in the appointment of a trustee, receiver, or liquidator of the Partner or of all or any substantial part of the Partner’s properties; (f) the death of any Partner who is a natural person; or (g) the termination of the legal existence of any Partner who is other than a natural person.

"Involuntary Transfer" means any transfer of any Partner’s Partnership Interest effected by operation of law as a result of the occurrence of an Involuntary Event.
“IRS” means the Internal Revenue Service.

“Lease-up Reserve” means $551,566.00 deposited in the Lease-Up Reserve Account pursuant to Section 6.4.7(i).

“Lease-up Reserve Account” means a segregated Partnership bank account established to hold the Lease-up Reserve, as described in Section 6.4.7(i).

“Lender” or “Lenders” means the Construction Lender, the Permanent Lender, and/or the Subordinate Cash Flow Lenders, as the context requires.

“Limited Partner” means NEF Assignment Corporation, as nominee, an Illinois not-for-profit corporation, or any Person who becomes a Substituted Limited Partner pursuant to Section 9.1, Section 9.2, Section 9.3 or Section 9.6. If there is more than one Limited Partner, they are referred to herein singularly and collectively as the Limited Partner, as the context may require or suggest.

“Liquidation Manager” means any Person selected by the Limited Partner.

“Loan Documents” means (a) the Construction Loan Documents, (b) the Permanent Loan Documents; (c) the Subordinate Cash Flow Loan Documents; (d) the Regulatory Agreement; (e) any rent assistance agreement and any grant or subsidy agreement from a unit of local, state or federal government; and (f) any and all other documents executed by the Partnership evidencing, securing or related to such Loan Documents.

“Market Rate Units” means Project units that are not subject to the Tax Credit income limitations under Section 42 of the Code.


“Net Cash from Sales and Refinancings” means, with respect to any Fiscal Year of the Partnership, the cash proceeds from Partnership sales or refinancings reduced by (a) all reasonable costs and expenses incurred by the Partnership in connection with such sale (not including the Disposition Fee, if any) or refinancing, (b) all principal and interest payments and other sums paid on or with respect to any indebtedness of the Partnership, other than amounts treated as loans pursuant to the Partnership Agreement from the General Partner, the Developer, the Guarantor or the Limited Partner, (c) any amounts reasonably required to be set aside in reserves for the Project (which shall include funding the Operating Reserve up to the Operating Reserve Target Amount if applicable), and (d) application of the refinancing proceeds for the use for which they were obtained. Net Cash from Sales and Refinancing shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with the sale or other disposition of Project Property.

“Non-Deferred Development Fee Equity” has the meaning set forth in Section 3.2.

“Nonrecourse Deduction” has the meaning set forth in Section 1.704-2(b)(1) of the Regulations. The amount of Nonrecourse Deductions for any Fiscal Year of the Partnership equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain
during that Fiscal Year reduced (but not below zero) by the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined in accordance with Section 1.704-2(c) of the Regulations.

"Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

"Operating Deficit" means the amount by which the collected revenues of the Partnership from rental payments made by tenants of the Project (including governmental subsidies received during such period) and all other revenues of the Partnership (including the proceeds of rental interruption insurance, but excluding Capital Contributions, proceeds of any loans to the Partnership, investment earnings on funds on deposit in the reserve fund for replacements and other such reserve or escrow funds or accounts, prepayment of rent, security deposits (other than those properly released in accordance with resident lease agreements) and any other funds not generated from current Project operations) for a particular period of time is exceeded by all Seasonably Adjusted Operating Expenses during the same period of time. In computing the Operating Deficit, all cash expenditures or amounts budgeted to be spent for capital improvements (excluding payments for construction of the Project) during the period described above shall also be taken into account, unless such amounts are funded from Project reserves. Operating Deficits shall be measured on a monthly basis and funded as necessary during the Operating Deficit Guaranty Period.

"Operating Deficit Guaranty" means all of the obligations of the General Partner as described in Section 6.4.6(ii) of this Partnership Agreement.

"Operating Deficit Guaranty Amount" means $514,938.00.

"Operating Deficit Guaranty Period" means the period beginning with the date on which the Project achieves Stabilized Occupancy and ending on the date on which the Partnership has achieved a Debt Service Coverage Ratio of 1.20 or better, measured on an annualized basis, for a period of two consecutive years commencing on or after the third anniversary of achievement of Stabilized Occupancy, provided that if the Operating Reserve is not funded on the last day of such period in an amount greater than or equal to the Operating Reserve Target Amount, then the Operating Deficit Guaranty Period shall be extended until such time as the Operating Reserve Account is funded in an amount that is greater than or equal to the Operating Reserve Target Amount. Any amount funded by the General Partner into the Operating Reserve pursuant to the Development Completion Guaranty under Section 6.4.6(i)(b) will not be included in determining whether the Operating Reserve Target Amount has been funded as required by the preceding sentence.

"Operating Expenses" means all expenses incurred incident to the operation of the Project and the Partnership including, without limitation, administrative expenses of the Partnership, Project maintenance costs, insurance premiums, amounts required to fund deductibles, claims and related expenses to the extent not funded from insurance proceeds, fees to lenders and/or any applicable mortgage insurance premium payments, utilities, Property Management Agent Fee, taxes, assessments, required deposits into the Replacement Reserve and
other reserves or escrow accounts, including any arrearages that must be funded, capital expenditures not paid from any reserves, equity or development financing proceeds, and all other Partnership obligations or expenditures that become due and payable, excluding Required Debt Service Payments, Cash Flow Debt Service Payments, fees and other expenses and obligations of the Partnership to be paid from Capital Contributions and capital expenditures paid from reserves, equity or development financing proceeds.

“Operating Reserve” means the amount required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund Operating Deficits arising with respect to the Project, which reserve shall be funded as described in Section 6.4.7(ii).

“Operating Reserve Account” means a segregated Partnership bank account established by the General Partner to hold the Operating Reserve, as described in Section 6.4.7(ii).

“Operating Reserve Target Amount” means $514,938.00 and maintained as described in Section 6.4.7(ii).

“Operational Costs of the Partnership” means Seasonably Adjusted Operating Expenses, but excluding the Deferred Development Fee, the Incentive Partnership Management Fee, the Guaranty Procurement Fee, and the Asset Management Fee to the extent such fees are payable solely out of Cash Flow. The Operating Costs of the Partnership identified by the General Partner shall be evidenced by a certification of the General Partner confirming such matters and stating that all trade payables have been satisfied or will be satisfied by cash held by the Partnership on the date of such certification. The Operational Costs of the Partnership for any period shall be the greater of (a) the Project’s actual Seasonally Adjusted Operating Expenses for such period, or (b) the anticipated operational costs of the Project for such period determined on an accrual basis in accordance with the operating expenses of the Project for the applicable period shown in the Projections, provided that the Project property tax and insurance expense used to calculate the Operational Costs of the Partnership shall be based solely upon the actual property tax (if the assessed value reflects construction completion) and insurance expense incurred by the Partnership for the subject period.

“Owner’s Date Down Title Insurance Coverage” means the owner’s title insurance coverage issued after Construction Completion that has been updated to provide additional insurance coverage through a post-Completion Construction date approved by the Limited Partner, which shall be in the form of a newly issued Owner’s Title Insurance Policy or an endorsement to the Owner’s Title Insurance Policy.

“Owner’s Title Insurance Policy” means the fully executed, TLTA Owner’s Policy of Title Insurance in final form (which includes the customary “jacket” of preprinted terms and conditions), dated on or about the date hereof, which shall be consistent with the “marked-up” commitment or proforma approved by the Limited Partner on or prior to the date hereof.

“Owner’s Title Report” means a title search report issued by the same title company that issued the Owner’s Title Insurance Policy that sets forth, among other things, the ownership of the Project Property, any liens of record, and any encumbrances affecting the Project Property as of a specified date after Construction Completion approved by the Limited Partner.
“Partner” or “Partners” mean the General Partner, Special Limited Partner and Limited Partner, either individually or collectively.

“Partner Minimum Gain” means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with 1.704-2(i) of the Regulations.

“Partner Nonrecourse Debt” has the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

“Partner Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(i)(2) of the Regulations. The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Fiscal Year equals the net increase during that Fiscal Year in Partner Nonrecourse Debt reduced (but not below zero) by the proceeds of the Partner Nonrecourse Debt distributed during that Fiscal Year to the Partner bearing the economic risk of loss for the Partner Nonrecourse Debt that are both attributable to the Partner Nonrecourse Debt and allocable to an increase in Partner Minimum Gain, as determined in accordance with Section 1.704-2(i)(2) of the Regulations.

“Partnership” means Evergreen Rowlett Senior Community, L.P.

“Partnership Agreement” means this Amended and Restated Limited Partnership Agreement of the Partnership, as amended from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto” and “hereunder” refer to this Partnership Agreement as a whole, unless the context otherwise requires.

“Partnership Interest” means, as to any Partner, such Partner’s right, title, and interest in and to any and all assets, distributions, losses, profits, and shares of the Partnership, whether cash or otherwise, and any other interests and economic incidents of ownership whatsoever of such Partner in the Partnership under this Partnership Agreement and the Act.

“Partnership Minimum Gain” has the meaning set forth in Section 1.704-2(d) of the Regulations.

“Partnership Property” means all real and personal property acquired by the Partnership and any improvements thereto, and shall include both tangible and intangible property.

“Permanent Credit Increase” has the meaning set forth in Section 6.9.4 hereo.

“Permanent Credit Reduction” has the meaning set forth in Section 6.9.1 hereto.

“Permanent Credit Reduction Adjustment” has the meaning set forth in Section 6.9 hereto.

“Permanent Lender” means, collectively, Capital One, N.A., the City of Rowlett, Texas, and the Texas Department of Housing and Community Affairs, or another lender reasonably acceptable to the Limited Partner.
“Permanent Loan” means, collectively, (1) that certain mortgage loan from Capital One, N.A. in the original principal amount not to exceed $2,200,000.00, (2) that economic development loan from the City of Rowlett, Texas in the original principal amount not to exceed $1,200,000.00, and (3) that certain Multifamily Development HOME Loan from the Texas Department of Housing and Community Affairs in the original principal amount not to exceed $1,000,000.00, which loans are evidenced by the Permanent Loan Documents.

“Permanent Loan Documents” means any and all of the documents evidencing, securing, or related to the Permanent Loan, including but not limited to the commitment letter, loan agreement, note, and mortgage.

“Permitted Loan” means, collectively, (a) the Permanent Loan; (b) the Subordinate Cash Flow Loan; and (c) loans to the Partnership from the General Partner and/or the Limited Partner in accordance with this Partnership Agreement.

“Person” means an individual or entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative or association and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

“Placement in Service” means occurrence of all of the following: (a) substantial completion of rehabilitation or construction, (b) issuance of certificate(s) of occupancy for all Residential Units in the Project (it being agreed that temporary certificates of occupancy shall be acceptable if (i) such certificates permit occupancy of all of the Residential Units and any community building that is a part of the Project, (ii) the work remaining to be done is of a nature that would not impair the permanent occupancy of any of the Residential Units and/or any community building on a full paying basis, (iii) the conditions set forth for obtaining permanent certificates of occupancy for all Residential Units and any community building are readily achievable as determined by the Limited Partner in its reasonable discretion, and (iv) the Partnership has made adequate provision, to the reasonable satisfaction of the Limited Partner, for the payment and completion of any work that remains to be performed), and (c) placement in service as defined for purposes of determining qualified basis and Tax Credits under federal tax law.

“Plans and Specifications” mean the plans and specifications attached and made a part of the Construction Contract, as supplemented by any change orders approved by the Limited Partner pursuant to Section 6.2 for the Project approved in writing by the Limited Partner.

“Post-Closing Document Delivery Agreement” means that certain agreement by and between the General Partner, the Special Limited Partner and the Limited Partner, dated as of the date hereof, with respect to certain ancillary documents that are required to be delivered by the General Partner to the Limited Partner within a short period of time after closing.

“Prime Rate” means the interest rate announced from time to time by the Warehouse Lender, or its successor, or, if there is no Warehouse Lender, by JPMorgan Chase Bank, Chicago, Illinois, as its prime lending rate, expressed as a percent per annum. The “Prime Rate” shall be determined on a daily basis.
“Profits” and “Losses” mean, for each Fiscal Year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, except as provided for in Section 4.2.13, determined in accordance with Section 703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either Section 705(a)(2)(B) of the Code or the Regulations promulgated under Section 704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership Property is revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations, then the amount of any adjustment to the value of such Partnership Property shall be taken into account as gain or loss from the disposition of such Partnership Property for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership Property which has been revalued pursuant to Section 1.704-1(b)(2)(iv)(f) of the Regulations and with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted value of such Partnership Property, notwithstanding that the adjusted tax basis of such Partnership Property differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership Property which has been revalued in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations; and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Section 4.2.1 and Sections 4.2.4 through 4.2.15 shall not be taken into account in computing Profits or Losses.

“Project Closing Checklist” means the Limited Partner’s most recent checklist of items that must be submitted to the Limited Partner and approved by the Limited Partner before it will enter the Partnership.

“Project Documents” means any or all of the agreements or contracts related to the construction of the Project, including Plans and Specifications, Loan Documents, Construction Contract, Architect Agreement, Property Management Agreement, fee agreements, and any other document or instrument executed in connection with the development and operation of the Project.

“Project Equity” has the meaning set forth in Section 3.2.

“Project Property” or “Project” means the affordable housing rental project to be known as Evergreen Rowlett Senior Community. The Project will be located on or about the 5500 block of Old Rowlett Road, in Rowlett, Texas 75089. The Project will consist of four Buildings containing 138 Residential Units, administration offices, community rooms, central laundry facilities, surface parking, a playground, and all furnishings, equipment and personal property used in connection with the operation thereof. It is expected that all 138 Residential Units will be rented to low- and very low-income households.

“Project State” means Texas.

“Projected First Tax Credit Year” means 2017.

“Projected Second Tax Credit Year” means 2018.
“Projected Stabilized Occupancy Date” means September 1, 2018.

“Projected Tax Credits” means the product of (i) 99.99%, multiplied by (ii) the Tax Credits expected to be allocable to the Project. The Tax Credits expected to be allocable to the Project during each year of the Credit Period for purposes of making the calculation set forth in the preceding sentence are $308,877.00 for the year 2017, $1,373,188.00 for the year 2018, $1,500,000.00 for each year of 2019 through 2026, $1,191,123.00 for the year 2027, and $126,812.00 for the year 2028, as shown in the Projections attached hereto.

“Projections” means the projections attached hereto as Appendix I, as they may be amended pursuant to this Partnership Agreement.

“Property Management Agent” or “Management Agent” means initially Churchill Senior Communities Management, LLC, or such other Property Management Agent as is selected by the General Partner from time to time or identified by the Limited Partner pursuant to Section 6.4.9 with the prior written consent of the Asset Manager.

“Property Management Agent Fee” means a fee of up to 5.00% of the gross collected rents from the Project payable to the Property Management Agent, as described in the Property Management Agreement.

“Property Management Agreement” means the Property Management Agreement entered into or to be entered into by the Partnership and the Property Management Agent pursuant to which the Property Management Agent shall have primary responsibility for overseeing the management of the Project Property, as described in Section 6.4.9.

“QAP” means the Qualified Allocation Plan for the Project State.

“Qualified Basis” has the meaning set forth in Section 42(c) of the Code.

“Qualified Occupancy” means the initial occupancy of 100% of the Tax Credit Units by qualified tenants pursuant to Section 42 of the Code.

“Qualified Occupancy Date” means June 30, 2018.

“Regulations” means the Federal Income Tax Regulations (including without limitation, Temporary Regulations) promulgated under the Code, as the same may be amended from time to time (including corresponding provisions of successor regulations).

“Regulatory Agreement” means, to the extent applicable, and collectively, (a) the Extended Use Agreement, and (b) any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Partnership and any Lender, or any applicable government agency setting forth certain terms and conditions under which the Project is to be developed and/or operated.

“Replacement Reserve” means the amount of funds required by the Partnership Agreement or the Loan Documents to be reserved by the Partnership to fund capital replacement costs with respect to the Project, which reserve shall be funded as described in Section 6.4.7(iii).
“Replacement Reserve Account” means a segregated Partnership bank account held by the General Partner or the Permanent Lender and established to hold the Replacement Reserve, as described in Section 6.4.7(iii).

“Required Debt Service Payments” means all principal, interest and other required recurring charges and fees that are required to be paid monthly, or at some other regular period, which are payable in connection with the Construction Loan and, or, any Permitted Loan, but only to the extent that payment of such amount is not contingent on available net operating receipts of the Partnership.

“Residential Units” means the individual residential rental housing Tax Credit Units and the Market Rate Units located on the Project Property.

“Right-Sized Permanent Loan Amount” means the maximum permanent loan amount having debt service requirements (based on the actual Permanent Loan interest rate and terms) that, as determined by the Limited Partner, are consistent with a Debt Service Coverage Ratio of 1.20 or better for each month during a three-consecutive-month period that is immediately prior to the conversion of the Construction Loan to the Permanent Loan. Calculation of the Debt Service Coverage Ratio for each such month shall be based upon the Operational Costs of the Partnership and Gross Cash Receipts, excluding any non-rental income that exceeds the amount of non-rental income specified in the Projections, as adjusted utilizing a vacancy factor equal to the greater of 7.00% or the actual vacancy of the Project for the prior month’s operations and excluding the amount of any income from tenant-based (not project-based) rent subsidy vouchers with respect to Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent. In no event shall the Right-Sized Permanent Loan Amount exceed the Permanent Loan amount of $4,400,000.00.

“Right-Sized Payment Amount” has the meaning set forth in Section 6.4.6(b).

“Seasonally Adjusted Operating Expenses” means the Operating Expenses for a specified period as adjusted to take into account seasonal or periodic expenses incurred on an unequal basis during a full calendar year (such as utilities, maintenance expense and real estate taxes) and prorated evenly over the 12-month period, as reasonably determined by the Asset Manager.

“Second Installment” has the meaning set forth in Section 3.2.2 of this Partnership Agreement.

“Section 168(h) Tax Return” means the General Partner’s filed tax return for the taxable year specified in the Accountant’s Section 168(h) Certification that includes the General Partner’s election under Section 168(h)(6)(F)(ii) of the Code not to be treated as a tax-exempt controlled entity for purposes of Section 168(h) (5) and (6) of the Code.

“Special Limited Partner” means Churchill Senior Residential, LLC, a Texas limited liability company.

“Sponsor” means LifeNet Community Behavioral Healthcare.
“Stabilized Occupancy” means the date upon which all of the following conditions are satisfied: (a) after Construction Completion, at least 90% of the Residential Units have been occupied for a period of three consecutive months; and (b) the Gross Cash Receipts (excluding for this purpose the amount of any income from tenant-based (not project-based) rent subsidy vouchers for Tax Credit Units to the extent that the income from any such unit exceeds the maximum applicable Tax Credit rent) for any three consecutive calendar months after Construction Completion from those Residential Units collectively equal or exceed each of the following: (i) the projected revenues as set forth in the Projections for the same three month period; and (ii) an amount sufficient to yield a Debt Service Coverage Ratio of not less than 1.20 during each month of such three consecutive month period based upon the Operational Costs of the Partnership and the required monthly payment of principal and interest provided for under the draft Permanent Loan Documents.

“State Housing Finance Agency” means the agency controlling the allocation of Tax Credits and administering the Tax Credits, which in certain limited instances may be a local city agency.

“Subordinate Cash Flow Lender” means those lenders, if any, together with any successors or assigns in such capacity, reasonably acceptable to the Limited Partner that are expected to make a Subordinate Cash Flow Loan.

“Subordinate Cash Flow Loan” means those loans, if any, expected to be made from the Subordinate Cash Flow Lenders, the payment of whose debt service is contingent upon the availability of Project operating cash flows, as specified in Section 5.1.1 of this Partnership Agreement.

“Subordinate Cash Flow Loan Documents” means any and all of those Subordinate Cash Flow Loan Documents evidencing, securing, or related to each of the Subordinate Cash Flow Loans, including but not limited to the commitment letter, agreement, note, and mortgage for each such loan.

“Substituted Limited Partner” means a Person who is admitted as a Limited Partner or a Special Limited Partner to the Partnership pursuant to Section 9.2 or Section 9.3 in place of and with all the rights of a limited partner under the Partnership Agreement and the Act.

“Supplemental Development Fee” means the fee in the amount $50,000.00 described in the Development Agreement payable at the times and upon the conditions set forth in the Development Agreement.

“Tax Credit” or “Credit” means the low income housing tax credit under Section 42 of the Code.

“Tax Credit Units” means Project units that are subject to the Tax Credit income limitations under Section 42 of the Code as specified in the Projections.

“Tax Matters Partner” means the General Partner acting in its capacity designated in Section 6.4.3.
“Temporary Permitted Investments” means (a) direct obligations of, or obligations unconditionally guaranteed by, the United States of America or any agency thereof; (b) certificates of deposit, in amounts not exceeding the federally insured amount, issued by any commercial bank organized and doing business under the laws of the United States of America or any state thereof whose deposits are federally insured; (c) money market funds rated in the highest rating category by a nationally recognized statistical rating organization; and/or (d) such other investment vehicle as shall be approved in writing by the Limited Partner.

“Ten Percent Due Date” means July 1, 2016.

“Third Installment” has the meaning set forth in Section 3.2.3 of this Partnership Agreement.

“Timing Reduction” means the reduction in the Capital Contribution of the Limited Partner designed to compensate the Limited Partner for the reduced present value of delayed Tax Credits.

“Treasury” means the United States Department of the Treasury, including the United States of America acting through the Treasury.

“Voluntary Transfer” means any sale, assignment, transfer, pledge, or hypothecation of any Partnership Interests by a Partner, except for (a) an Involuntary Transfer, (b) any transfer in connection with an LP Pledge under Section 9.7, (c) a voluntary withdrawal by the Limited Partner under Section 9.8 or (iv) the Limited Partner’s exercise of its Put Right under Section 9.9.

“Warehouse Lender” means Morgan Stanley Senior Funding, Inc., as agent (together with its successors and/or assigns in such capacity, “Morgan Stanley”). For purposes of Section 9.7.5 hereof, written notice shall be given to the Warehouse Lender as follows: 201 S. Main Street, Salt Lake City, Utah 84111, Attention: Kisty Morris, Tel: 801-236-3691, Fax: 801-236-3687 and at 1585 Broadway, New York, NY 10036, Attention: Dan Heldridge, Vice President, Tel: 212-761-2159, Fax: 917-760-9634, or at such other address as Warehouse Lender may from time to time designate.
ARTICLE 2: ORGANIZATION

Section 2.1 Continuation of Partnership. The Partnership was formed by filing of the Certificate of Formation with the Filing Office on September 4, 2015, and by the execution of the Initial Agreement. The Partners desire to continue the Partnership under and pursuant to the provisions of the Act. By executing this Partnership Agreement, the parties hereto agree that the Initial Agreement is hereby amended and restated in its entirety and the Limited Partner is hereby admitted to the Partnership on the terms and conditions set forth herein, and by executing the withdrawal signature page hereof, the Initial Limited Partner hereby concurrently withdraws from the Partnership, all to become effective upon filing of an amended Certificate of Formation reflecting such changes if and to the extent required by the Act.

Section 2.2 Character and Purpose of Business. The general character and purpose of the business of the Partnership is: (a) primarily to acquire, construct, own, finance, lease, and operate the Project Property in a manner that provides decent, safe and affordable housing for low-income persons and ensures that the Project Property will be and remain a qualified low income housing project within the meaning of Section 42 of the Code and consistent with the charitable purposes of the sole member of the General Partner; (b) to eventually sell or otherwise dispose of the Project Property in a manner consistent with the provisions of this Partnership Agreement; and (c) to engage in all other activities incidental or related thereto.

Section 2.3 Name of Partnership. The name of the Partnership is “Evergreen Rowlett Senior Community, L.P.”

Section 2.4 Principal Place of Business. The address of the principal place of business of the Partnership shall be 5605 N. MacArthur Boulevard, Suite 580, Irving, Texas 75038, or such other address as the Partners may select from time to time.

Section 2.5 Principal Office. The address of the principal office of the Partnership is 5605 North MacArthur Boulevard, Suite 580, Irving, Texas 75038, or such other address as the Partners may select from time to time.

Section 2.6 Agent for Service of Process. The Partnership’s agent for service of process is Churchill Senior Residential, LLC, or such other agent as the General Partner may select from time to time with written notice to the Limited Partner. The address of the agent for service of process is 5605 North MacArthur Boulevard, Suite 580, Irving, Texas 75038.

Section 2.7 Name and Address of General Partner. The name and address of the General Partner is:

Evergreen Rowlett Senior Community GP, LLC
1345 River Bend Drive, Suite 263
Dallas, Texas 75247

Section 2.8 Names and Addresses of Limited Partner and Special Limited Partner. The names and addresses of the Limited Partner and Special Limited Partner are:
Limited Partner:
NEF Assignment Corporation
10 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

Special Limited Partner:
Churchill Senior Residential, LLC
5605 North MacArthur Boulevard, Suite 580
Irving, Texas 75038

Section 2.9 Governmental Filings. The General Partner shall make all governmental filings as are necessary or appropriate to qualify the Partnership (a) to do or continue to do business in the Project State and any other jurisdiction or (b) to otherwise carry out the purposes and intent of this Partnership Agreement. In addition, the General Partner shall timely and properly file of record the Extended Use Agreement.

Section 2.10 Term of Partnership. The term of the Partnership began on September 4, 2015 (the date on which the Certificate of Formation was first filed with the Filing Office) and the Partnership will continue in perpetuity, unless it is earlier dissolved and terminated in accordance with the provisions of this Partnership Agreement.

Section 2.11 Compliance with Laws. The Partnership shall comply with all applicable provisions of the Act, and any other applicable statutes and local ordinances governing limited partnerships in the Project State, as well as any other applicable laws of any federal, state, or local government or agency having legal jurisdiction over the Partnership and the Project (including without limitation, Environmental Laws).

Section 2.12 Statutory Record Keeping. The Partnership shall keep at its principal place of business the following and any and all other items required by the Act:

2.12.1 a current list of the full name and last known address of each Partner, separately identifying each general partner and all limited partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Partner and that each Partner has agreed to contribute in the future, and the date on which each became a Partner;

2.12.2 a copy of the Certificate of Formation of the Partnership, as amended or restated from time to time, together with executed copies of any powers of attorney pursuant to which any such certificate has been executed;

2.12.3 copies of the Partnership’s federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

2.12.4 a copy of the Partnership Agreement, any original or prior written partnership agreements of the Partnership, and any amendments thereto;

2.12.5 financial statements of the Partnership for the three (3) most recent years.
Section 2.13 Related Party Debt. The Partners agree that any entity that is a lending institution having a direct or indirect ownership or beneficial interest in the Limited Partner (a "Related Lender") may at any time make, guarantee, own, acquire, or otherwise credit-enhance, in whole or in part, a loan secured by a mortgage, deed of trust, or other security instrument encumbering the Project (a "Related Lender Loan"). Under no circumstances shall a Related Lender be considered to be acting on behalf or as an agent or the alter ego of the Limited Partner or any of its members, partners, or beneficiaries. A Related Lender may in its discretion take any actions that it determines advisable in connection with a Mortgage Loan, including enforcement actions. The Partners hereby acknowledges that no Related Lender owes the Partnership or any Partner any fiduciary duty or other duty or obligation whatsoever by virtue of such Related Lender’s direct or indirect ownership or beneficial interest in the Partnership (the “Related Lender’s Equity Interest”). Neither the Partnership nor any other Partner shall make any claim against a Related Lender, or against the Limited Partner or any other entity through which the Related Lender owns the Related Lender’s Equity Interest, relating to a Related Lender Loan and alleging any breach of fiduciary duty, duty of care, or any other duty whatsoever to the Partnership, the Limited Partner, or such other Partner, based in any way upon the Related Lender’s Equity Interest. As used herein, the term “Limited Partner” includes its successors and assigns, as applicable.

Section 2.14 Non-Confidential Tax Shelter. Any obligations of confidentiality contained in or applicable to this Partnership Agreement shall not apply to the federal tax structure or federal tax treatment of the Partnership or the transactions contemplated herein. Each Partner and its employees, representatives, and agents may disclose to any and all persons, without limitation of any kind, such federal tax structure and treatment and such transactions. The Partnership interest shall not be treated as having been issued under conditions of confidentiality for purposes of Treasury Regulations Section 1.6011-4(b)(3) or any successor provision. Each Partner agrees that it has no proprietary or exclusive rights to the federal tax structure of the Partnership, the transactions contemplated herein, or federal tax matters or ideas related to such transactions.

The General Partner shall promptly notify the Limited Partner and the Special Limited Partner if it learns that the Partnership has participated in any reportable transaction within the meaning of Treasury Regulations Section 1.6011-4(b)(3).

Section 2.15 Definitions. All capitalized words and phrases used in this Partnership Agreement (other than the full names and addresses of the Partners and governmental subdivisions and agencies) have the meanings set forth in Article 1.
ARTICLE 3: CAPITAL CONTRIBUTIONS AND PARTNER LOANS

Section 3.1 General Partner’s and Special Limited Partner’s Capital Contributions.

3.1.1 The General Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of $50.00 in exchange for a 0.005% General Partner Partnership Interest, and, upon the execution of this Partnership Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

3.1.2 The General Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement, provided that, the foregoing excludes any rights, interests or agreements providing for payment of fees directly from the Partnership to the General Partner or its Affiliates (e.g., the Incentive Partnership Management Fee, the Guaranty Procurement Fee, and the Development Fee). The General Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

3.1.3 The Special Limited Partner has made, or shall make upon the execution of this Partnership Agreement, a cash Capital Contribution to the Partnership in the amount of $50.00 in exchange for a 0.005% Special Limited Partner Partnership Interest, and, upon the execution of this Partnership Agreement, shall provide documentation to the Limited Partner evidencing the fact that the Capital Contribution has been made.

3.1.4 The Special Limited Partner has assigned and hereby assigns, and has caused and shall cause its Affiliates to assign, to the Partnership all of its respective rights, title, and interest in, to, and under all agreements, licenses, approvals, permits, Tax Credit allocations, and any other tangible or intangible personal property related to the Project Property or required to permit the Partnership to pursue its business and carry out its purposes as contemplated in this Partnership Agreement. The Special Limited Partner’s Capital Account will not be credited with any amount as a result of its assignment to the Partnership of the various items referred to in the immediately preceding sentence.

3.1.5 If the Partnership has not paid all amounts due as a Deferred Development Fee by the end of the 12th year of the Compliance Period, the General Partner and the Special Limited Partner shall each make an additional Capital Contribution to the Partnership in the amount of the outstanding balance of the Deferred Development Fee that is owed to that Partner’s Affiliated Developer, and any accrued and unpaid interest thereon, and the Partnership shall use this Capital Contribution to pay...
the remaining balance of the Deferred Development Fee, and any accrued and unpaid interest thereon.

Section 3.2 Limited Partner's Capital Contributions. The Limited Partner shall make Capital Contributions to the Partnership in the aggregate amount of $16,348,365.00 in exchange for a 99.99% Limited Partner Partnership Interest in the Partnership (the "Limited Partner Capital Contribution"). The Limited Partner Capital Contribution shall be paid as equity for Project related costs (other than Development Fee approved by the Limited Partner) ("Project Equity") and for the non-deferred portion of the Development Fee ("Non-Deferred Development Fee Equity"). Subject to Section 6.9 and the other terms and conditions of this Partnership Agreement, the Limited Partner’s Capital Contributions will be made as follows:

3.2.1 First Installment. The Limited Partner’s first installment of Capital Contribution, in the amount of $1,766,809.00 ("First Installment"), less $52,000.00, which shall be paid directly to the Limited Partner to reimburse it for its due diligence, inspection and closing costs in conjunction with its acquisition of an interest in the Partnership, shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the First Installment in the amount of $1,317,105.00:

(a) Receipt and approval by the Asset Manager of all of the Limited Partner’s Project Closing Checklist requirements (except for those documents reflected in the Post-Closing Document Delivery Agreement);

(b) Receipt and approval by the Asset Manager that construction has commenced, as demonstrated by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(c) Receipt and approval by the Asset Manager of a copy of the filed IRS Form 8832-Entity Classification Election containing the General Partner’s election to be taxed as a corporation with an effective date specified in line 8 of the Form that is no later than the projected date of Placement in Service;

(d) Receipt and approval by the Asset Manager of the Section 168 Tax Return containing the General Partner’s Section 168(h)(6) election statement in the form attached as Exhibit A to the Accountant’s section 168(h) Certification; and

(e) Admission of the Limited Partner to the Partnership.

(ii) Upon the satisfaction of all of the requirements for payment of the Project Equity portion of the First Installment as set forth in Section 3.2.1(i) above, the Limited Partner shall pay to the Partnership the Non-Deferred
Development Fee Equity portion of the First Installment in the amount of $397,704.00.

3.2.2 **Second Installment.** The Limited Partner’s second installment of Capital Contribution, in the amount of $3,289,775.00 ("Second Installment"), all of which shall be used to fund Project Equity, shall be payable to the Partnership in cash upon the satisfaction of the following:

(i) Satisfactory completion of 50% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(ii) Receipt and approval by the Asset Manager of the Carryover Allocation Documents in accordance with the Carryover Allocation Documents Memorandum and approval of such Documents by the Asset Manager;

(iii) Receipt and approval by the Asset Manager of the Owner’s Title Insurance Policy;

(iv) Receipt and approval by the Asset Manager of all documents set forth in the Post-Closing Document Delivery Agreement;

(v) Satisfaction of all of the conditions to the payment of all prior installments;

(vi) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(vii) December 6, 2016.

$551,566.00 of this installment shall be used to fund the Lease-up Reserve Account.

Notwithstanding anything to the contrary in this Section 3.2.2, the Limited Partner may, in its sole discretion, after all of the above conditions have been met, pay only a portion of the Second Installment of Project Equity equal to the amount required to pay actual Project costs that have been incurred as of the date all of the above conditions have been met. Any portion of the Second Installment of Project Equity that is not paid due to the application of the preceding sentence will be held by the Limited Partner and paid as and when actual Project costs intended to be funded by the Second Installment of Project Equity are incurred.

3.2.3 **Third Installment.** The Limited Partner’s third installment of Capital Contribution, in the amount of $3,135,913.00 ("Third Installment"), shall be payable in cash as follows:
(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Third Installment in the amount of $2,738,209.00:

(a) Satisfactory completion of 100% of the construction of the Project as evidenced by the construction disbursement documents and approved by the Asset Manager’s construction inspector;

(b) Receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the partial repayment of the Construction Loan and the account wiring information to be used for the delivery of payment;

(c) Receipt and approval by the Asset Manager of temporary Certificates of Occupancy (or if available the final Certificate of Occupancy) for all Project Residential Units and, if applicable, all commercial space;

(d) Receipt and approval by the Asset Manager of an Architect’s certification indicating that all the work has been substantially completed in accordance with the plans and specifications provided to, and approved by, the Asset Manager;

(e) Receipt of a satisfactory draft Cost Certification for the Project prepared by the Project Accountant, verifying the Tax Credit basis for submission to the State Housing Finance Agency;

(f) Receipt and approval by the Asset Manager of the Section 168 Tax Return containing the General Partner’s Section 168(h)(6) election statement in the form attached as Exhibit A to the Accountant’s section 168(h) Certification, if not received prior to closing; and

(g) Satisfaction of all of the conditions to the payment of all prior installments;

(h) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(i) September 1, 2017.

(ii) Upon the satisfaction of all of the requirements for payment of the Non-Deferred Development Fee Equity portion of the First Installment as set forth in Section 3.2.1(ii) and the Project Equity portion of the Third Installment as set forth in Section 3.2.1(i) above, the Limited Partner shall pay to the Partnership the Non-Deferred Development Fee Equity portion of the Third Installment in the amount of $397,704.00.
3.2.4 **Fourth Installment.** The Limited Partner’s fourth installment of Capital Contribution, in the amount of $8,076,327.00 ("Fourth Installment"), shall be payable in cash as follows:

(i) Upon the satisfaction of all of the following conditions, the Limited Partner shall pay to the Partnership the Project Equity portion of the Fourth Installment in the amount of $7,360,460.00:

(a) If the Construction Loan has not been repaid in full, receipt and approval by the Asset Manager of a letter from the Construction Lender setting forth the amount required for the repayment in full of the Construction Loan and the requisite account wiring information with respect to where such funds must be deposited;

(b) Verification to the satisfaction of the Asset Manager that Qualified Occupancy of all Project Tax Credit Units has been achieved;

(c) At least 90 days prior to the expected closing date of the Permanent Loan, Receipt and approval by the Asset Manager of all draft Permanent Loan Documents;

(d) Receipt and approval by the Asset Manager of (i) executed Permanent Loan Documents that have been previously approved by the Asset Manager, and (ii) evidence that the Permanent Loan has been funded;

(e) Receipt and approval by the Asset Manager of satisfactory evidence of the General Partner’s performance of all of its obligations under the Permanent Loan Conversion Guaranty;

(f) Verification to the satisfaction of the Asset Manager that the Project has achieved Stabilized Occupancy;

(g) Completion of any outstanding punch list items to the reasonable satisfaction of the Asset Manager;

(h) Receipt and approval by the Asset Manager of satisfactory evidence of Owner’s Date Down Title Insurance Coverage;

(i) Receipt and approval by the Asset Manager of a TLTA "As-Built" Survey of the Project;

(j) Receipt and approval by the Asset Manager of final lien waivers from the Contractor in the form attached as **Exhibit B**;

(k) Receipt and approval by the Asset Manager of all required tax-exemption approval documentation and an opinion from the General Partner’s counsel regarding the availability of such tax-exemption;
(l) Receipt and approval by the Asset Manager of final
Certificates of Occupancy for all Project Residential Units, if not
previously provided;

(m) Receipt of a satisfactory final Cost Certification for the
Project prepared by the Project Accountant, verifying the Tax Credit basis
for submission to the State Housing Finance Agency;

(n) Receipt and approval by the Asset Manager of satisfactory
evidence that all reserves, including, but not limited to, the Operating
Reserve Account and Replacement Reserve Account have been
established by the General Partner and funded at the required levels (the
funding levels may be met with funds from this installment);

(o) Receipt and approval by the Asset Manager of satisfactory
Environmental Certification in the form provided by the Asset Manager;

(p) Receipt and approval by the Asset Manager of the recorded
Extended Use Agreement;

(q) Satisfaction of all of the conditions to the payment of all
prior installments;

(r) Receipt and approval by the Asset Manager of any
outstanding delivery items required by this Partnership Agreement; and

(s) September 1, 2018.

$514,938.00 of this installment shall be used to fund the Operating
Reserve Account.

(ii) Upon the satisfaction of all of the requirements for payment of the
Non-Deferred Development Fee Equity portion of the Third Installment as set
forth in Section 3.2.3(ii) and the Project Equity portion of the Fourth
Installment as set forth in Section 3.2.4(i) above, the Limited Partner shall pay to
the Partnership the Non-Deferred Development Fee Equity portion of the Fourth
Installment in the amount of $715,867.00.

3.2.5 Fifth Installment. The Limited Partner’s fifth installment of Capital
Contribution, in the amount of $79,541.00 (“Fifth Installment”), all of which shall be
used to fund Non-Deferred Development Fee Equity, shall be payable to the Partnership
in cash upon satisfaction of the following:

(i) Receipt and approval by the Asset Manager and acceptance of the
first year’s tax return and K-1 for the Partnership after Qualified Occupancy is
achieved;
(ii) Receipt and approval by the Asset Manager of a fully executed Form 8609 (including an executed Part 2) issued for each Building in the Project;

(iii) Receipt and approval by the Asset Manager of recorded copies of all previously executed Permanent Loan(s) Documents;

(iv) Satisfaction of all of the conditions to the payment of all prior installments;

(v) Receipt and approval by the Asset Manager of any outstanding delivery items required by this Partnership Agreement; and

(vi) April 1, 2019.

3.2.6 Other Conditions Affecting Payment of Capital Contributions.

(i) Notwithstanding anything to the contrary in Section 3.2 above, the Asset Manager may, in its sole and absolute discretion, waive any one or more of the requirements set forth in Sections 3.2.1 through 3.2.55 above and pay that installment of Project Equity; provided, however, any requirement that is waived must be satisfied prior to the payment by the Limited Partner of the respective Development Fee Equity.

(ii) Notwithstanding any reduction of the Limited Partner’s Capital Contribution installment next due, including a reduction to $0 of the installment next due or a reduction to $0 of all remaining Capital Contributions, that results from the operation of the provisions found in Sections 6.9.1 through 6.9.3, the General Partner shall remain obligated to satisfy on a timely basis all of the conditions related to the payment of the Project Equity and Non-Deferred Development Fee portions of each installment of Capital Contribution as described in Sections 3.2.1 through 3.2.55 above.

(iii) A portion of the Development Fee in the amount of $632,658.00 that is not projected to be paid out of the Limited Partner’s Capital Contribution or the Project financing shall be payable from available Cash Flow, with interest thereon at the rate of 0.00%, compounding annually and, if applicable, as provided in Section 3.1.5, above, subordinated to certain Cash Flow payments to be made to the Limited Partner. If any principal and/or accrued interest on the Deferred Development Fee remain unpaid by the end of the 12th year of the Compliance Period, the General Partner and Special Limited Partner shall make a Capital Contribution to the Partnership, as provided for in Section 3.1.5 above, in an amount sufficient to enable the Partnership to pay the outstanding amount of the Deferred Development Fee.

(iv) The General Partner shall deliver to the Limited Partner, not more than 30 days nor less than ten business days prior to the due date of each installment of the Limited Partner’s Capital Contribution, the General Partner’s
written certification in the form attached as Exhibit C that each of the applicable conditions set forth in Section 3.2.7, has been satisfied.

(v) Notwithstanding anything to the contrary herein, if there are any cost savings with respect to the development of the Project ("Cost Savings"), such Cost Savings shall be distributed, subject to the approval of the Asset Manager, in the following order: (A) first, in accordance with Section 5.1.1(i) through (v) hereof, (B) second, to reduce the amount of the Right-Sized Payment Amount (which shall not be deemed loans by the General Partner or the Special Limited Partner), as set forth in Section 6.4.6(i)(a), and (C) to the Special Limited Partner as an incentive construction oversight fee in an amount not to exceed such amount as permitted by the State Housing Finance Agency or in any of the Loan Documents.

3.2.7 The obligation to pay the amounts due under Section 3.2.1 through Section 3.2.5 is expressly conditioned upon each of the following requirements, in addition to those requirements that are set forth above, being satisfied at all times prior to and including the due dates of the above payments:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in this Partnership Agreement (including, without limitation, those covenants, representations, and warranties set forth in Section 6.3);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Limited Partner Capital Contribution payment (including, without limitation, those set forth in Section 6.3);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 hereof, it being acknowledged and agreed that any penalty assessed against the General Partner under Section 8.6.1 for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Development Fee payable under Section 3.2, and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under Section 3.2 and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward payment of the Development Fee;

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner’s financial or business condition or operations that affects (or with the passage of time will affect) its ability to perform its obligations hereunder; and

(v) There has been no Change in Law.
3.2.8 Subject to the provisions set forth above, if a Limited Partner's interest in the Partnership is liquidated (within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g)) prior to the payment of the Limited Partner's entire Capital Contribution pursuant to this Section 3.2, and the Limited Partner does not or has not provided a negotiable promissory note to evidence its obligation to pay its Capital Contribution, the Limited Partner shall pay no later than the end of the taxable year of the Partnership in which the Limited Partner’s interest is liquidated or, if later, within 90 days after the date of the liquidation the lesser of (1) the unpaid balance of its Capital Contribution; and (2) its negative Capital Account balance.

Section 3.3 Additional Provisions Concerning Capital Contributions

3.3.1 Each installment of the Limited Partner's Capital Contribution paid prior to conversion to the Permanent Loan shall be deposited into a designated account in the name of the Partnership with Construction Lender to be used in accordance with and as provided in the Credit Support and Funding Agreement entered into by and between the Partnership and Construction Lender.

3.3.2 Notwithstanding any other provision of this Partnership Agreement, but subject to credit adjusters provided in Section 6.9 herein, none of the amount, timing or conditions of the Limited Partner’s Capital Contributions may be amended nor shall any conditions to the funding of the Limited Partner’s Capital Contributions be added without the written consent of Construction Lender as long as the Construction Loan remains outstanding.

Section 3.4 Interest on Capital Contributions. The Partnership shall not pay any Partner interest on its Capital Contribution.

Section 3.5 Withdrawal and Return of Capital Contributions. Except as provided elsewhere herein, no Partner has the right: (i) to withdraw any part of its Capital Contribution from the Partnership; (ii) to demand a return of its Capital Contribution; or (iii) to receive property other than cash in return for its Capital Contribution.

Section 3.6 Capital Accounts.

3.6.1 The Partnership shall maintain for each Partner a separate capital account in accordance with Section 1.704-1(b) of the Regulations. The Capital Account of each Partner consists of the amount of its Capital Contribution, and will be (1) increased by (i) the fair market value of any property contributed by it to the Partnership, (ii) the amount of any Partnership liability assumed by such Partner or which is secured by any Partnership Property distributed to such Partner, and (iii) its allocable share of Profits and any items of income or gain specially allocated to it pursuant to Section 4.2.4 through Section 4.2.15, and (2) decreased by (i) the amount of any cash distributed to it, (ii) the fair market value of any Partnership Property distributed to it, (iii) the amount of any liability of such Partner assumed by the Partnership or which is secured by any property contributed by such Partner to the Partnership, and (iv) its allocable share of
Losses and any items of loss or deduction specially allocated to it pursuant to Section 4.2.4 through Section 4.2.15.

3.6.2 If any Partnership Interests are transferred in accordance with the terms of this Partnership Agreement, then the transferee will succeed to the Capital Account of the transferor to the extent it relates to the transferred Partnership Interest. Upon the occurrence of any of the following events, the Partnership shall revalue the Partnership Property and adjust the Partners’ Capital Accounts to reflect the gain (or loss) that would have been allocated to each Partner if all the Partnership Property had been sold at its fair market value immediately prior to the occurrence of any of the following events, and if required to cause the provisions herein regarding the maintenance of Capital Accounts to comply with Section 1.704(b) of the Regulations:

(i) Any new or existing Partner acquiring an additional interest in the Partnership in exchange for more than a de minimis Capital Contribution;

(ii) The Partnership distributing to a Partner more than a de minimis amount of property or money in consideration for an interest in the Partnership; or

(iii) The “liquidation” of the Partnership within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, other than a “liquidation” resulting from a termination under Section 1.708-1(b)(2) of the Regulations.

The revaluation of the Partnership Property referred to in the immediately preceding sentence will be made in accordance with Section 1.704-1(b)(2)(iv)(f) of the Regulations.

The foregoing provisions and all other provisions of this Partnership Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Regulations and will be interpreted and applied in a manner consistent with such Regulations.

Section 3.7 Partnership Loans. Subject to the limitations set forth in Section 6.2.16, if from time to time the Partnership needs funds in excess of those provided by the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans, Capital Contributions of the Partners, and funds required to be provided by the General Partner or any Affiliate of the General Partner pursuant to any obligation hereunder or any other agreement (such as pursuant to Sections 6.4.6(i) and 6.4.6(i)(a)), any Partner or other person, organization, or institution may loan such additional funds to the Partnership at an interest cost to the Partnership and upon such terms, as agreed upon by the General Partner in its reasonable discretion, subject to compliance with the terms of existing loan agreements and this Partnership Agreement. Any loan made by a General Partner or an Affiliate of a General Partner will not bear interest in excess of the long term annual compounding Applicable Federal Rate. Any Partner making any loan to the Partnership will be considered, in its capacity as maker of the loan, a general creditor of the Partnership and not as a Partner. Any loan made hereunder by a Partner will be paid as provided in Section 5.1 and Section 5.2 hereof.

Section 3.8 Additional Capital Contributions. Except as expressly provided in this Partnership Agreement, no Partner is required to make contributions to the capital of the Partnership.
Section 3.9  Limited Partner’s Withdrawal Option. In the event that the following events have not occurred by the specified dates, unless such dates are waived or extended in writing by the Limited Partner, then the Limited Partner may, at its sole option and discretion, withdraw from the Partnership at any time unless and until it waives such withdrawal right in writing.

<table>
<thead>
<tr>
<th>Event</th>
<th>Completion or Delivery Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Commencement of construction of the Project as evidenced in a manner as reasonably required by the Asset Manager.</td>
<td>1. Thirty days after the date of execution of the Partnership Agreement</td>
</tr>
<tr>
<td>2. Submission of all outstanding items in the Post-Closing Document Delivery Agreement</td>
<td>2. 120 days after the date of execution of the Partnership Agreement</td>
</tr>
</tbody>
</table>

Upon any such withdrawal, the Partnership shall (i) immediately return to the Limited Partner all Capital Contributions actually made to the Partnership by the Limited Partner, plus all expenses reasonably incurred by the Limited Partner in connection with entering into and withdrawing from the Partnership, and (ii) execute and file a release of the Limited Partner’s UCC Financing Statement securing its Capital Contribution obligation, the Partners shall execute an amendment to the Partnership Agreement, and the General Partner shall execute, file, and record, as applicable, an amendment to the Partnership’s Certificate of Formation, reflecting the withdrawal of the Limited Partner and the release of all of the Limited Partner’s obligations and liabilities in connection with the Partnership, all of the foregoing documents to be in form and content satisfactory to the Limited Partner. Notwithstanding any failure or delay in such execution and delivery, however, the Partnership Agreement shall be deemed to have been amended in accordance with the provisions of this Section 3.9 once the Limited Partner has provided the General Partner with written notice of its intent to withdraw. Nothing herein shall be construed to diminish any of the General Partner’s obligations under the Partnership Agreement to issue final accounting and tax reports to the Limited Partner for all periods prior to its withdrawal and in which its withdrawal occurred.
ARTICLE 4: ALLOCATION OF PROFITS, LOSSES AND TAX CREDITS

Section 4.1 Profit and Loss Allocations. Except as otherwise provided in Section 4.2, Profits and Losses for any Fiscal Year of the Partnership are allocated among the Partners in accordance with the following percentages:

<table>
<thead>
<tr>
<th>Partner</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Special Limited Partner</td>
<td>0.005%</td>
</tr>
<tr>
<td>Limited Partner</td>
<td>99.99%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Section 4.2 Special Allocations. Notwithstanding anything to the contrary contained in Section 4.1, the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under Section 4.1:

4.2.1 Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated 0.005% to the General Partner, 0.005% to the Special Limited Partner and 99.99% to the Limited Partner.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

4.2.2 Limitation on Allocations of Losses. To the extent the allocation of any Losses to a Limited Partner would cause that Limited Partner to have an Adjusted Capital Account Deficit at the end of any Fiscal Year of the Partnership, then those Losses will not be allocated to that Limited Partner, but rather will be specially allocated to the General Partner.

4.2.3 Profit Chargeback. To the extent any Losses are allocated to the General Partner in accordance with Section 4.2.2 above, then Profits will thereafter first be specially allocated to the General Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such allocations of Losses made to the General Partner under such Section 4.2.2, but (2) not to the extent that Losses would be allocated to the Limited Partner in excess of the amount permitted by such Section 4.2.2.

4.2.4 Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partnership Minimum Gain during any Partnership Fiscal Year, then each Partner will be specially allocated items of Partnership income or gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner’s share of the net decrease in the Partnership Minimum Gain (determined in accordance with Section 1.704-2(g) of the Regulations). Any allocations made pursuant to this Section 4.2.4 are to be made in
proportion to the respective amounts required to be allocated to each of the Partners pursuant thereto. The items of Partnership income or gain specially allocated under this Section 4.2.4 are to be determined in accordance with Section 1.704-2(f) of the Regulations. This Section 4.2.4 is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(f) of the Regulations and will be interpreted consistently therewith.

4.2.5 **Partner Minimum Gain Chargeback.** Notwithstanding any other provision of this Article 4 (except Section 4.2.4), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Fiscal Year, then each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(5) of the Regulations) will be specially allocated items of Partnership income and gain for such Fiscal Year (and if necessary, subsequent Fiscal Years) in an amount equal to the portion of such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt (as determined in accordance with Section 1.704-2(i)(4) of the Regulations). Any allocations made pursuant to this Section 4.2.5 will be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items of Partnership income or gain specially allocated under this Section 4.2.5 will be determined in accordance with Section 1.704-2(i)(4) of the Regulations. This Section 4.2.5 is intended to comply with the minimum gain chargeback requirements of Section 1.704-2(i)(4) of the Regulations and will be interpreted consistently therewith.

4.2.6 **Qualified Income Offset.** If a Limited Partner unexpectedly receives any adjustments, allocations, or distributions described in Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Limited Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Limited Partner as quickly as possible. The special allocations required pursuant to this Section 4.2.6 are made only if and to the extent that that Limited Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 4 have been tentatively made as if this Section 4.2.6 were not in the Partnership Agreement. This Section 4.2.6 is intended to comply with the qualified income offset requirements of Section 1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

4.2.7 **Gross Income Allocation.** If a Limited Partner has a deficit balance in its Capital Account at the end of any Partnership Fiscal Year which exceeds the sum of (1) the amount that Limited Partner is obligated to restore pursuant to any provision of this Partnership Agreement and (2) the amount that Limited Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Section 1.704-2(g)(1) and Section 1.704-2(i)(5) of the Regulations, then that Limited Partner will be specially allocated items of Partnership income or gain in the amount of such excess as quickly as possible. The special allocations required pursuant to this Section 4.2.7 are made only if and to the extent that that Limited Partner would have a deficit Capital Account in excess of the aforementioned sum after all of the allocations provided for in this Article 4 have
been tentatively made as if Section 4.2.6 and this Section 4.2.7 were not in the Partnership Agreement.

4.2.8 **Nonrecourse Deductions.** Nonrecourse Deductions are specially allocated among the Partners in accordance with the same percentages set forth in Section 4.1 with respect to Profits and Losses.

4.2.9 **Partner Nonrecourse Deductions.** Partner Nonrecourse Deductions are specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Section 1.704-2(i) of the Regulations.

4.2.10 **754 Adjustment.** To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to Section 734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under Section 1.704-1(b)(2)(iv)(m) of the Regulations, then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the Regulations.

4.2.11 **Imputed Interest.** To the extent the Partnership has taxable interest income with respect to any Capital Contribution pursuant to Section 483 or Sections 1271 through 1288 of the Code, then (i) such interest income will be specially allocated to the Partner to whom such Capital Contribution relates, and (ii) the amount of such interest income will be excluded from the Capital Contributions credited to such Partner’s Capital Account in connection with the payments of principal with respect to such Capital Contribution.

4.2.12 **Curative Allocations.** The special allocations set forth in Section 4.2.4 through Section 4.2.9 are intended to comply with the requirements of Section 1.704-1(b) of the Regulations. These special allocations may lead to results, which are inconsistent with the Partners’ intentions concerning their sharing in Partnership distributions. Accordingly, the General Partner is hereby authorized and directed to specially allocate other items of Partnership income, gain, loss, and deduction among the Partners so as to prevent the special allocations required under Section 4.2.4 through Section 4.2.9 of this Section 4.2 from distorting the Partners’ understanding of the manner in which Partnership distributions are to be made to the Partners upon the dissolution and termination of the Partnership. In general, it is anticipated that the special allocations, if any, made under this Section 4.2.12 are made by specially allocating other items of Partnership income, gain, loss, and deduction among the Partners so that the sum of the special allocations made to each Partner pursuant to Section 4.2.4 through Section 4.2.9 of this Section 4.2 equals the sum of the special allocations made under this Section 4.2.4. In order to preserve its Capital Account to allow the allocation of Tax Credits to the Limited Partner in accordance with Section 4.2.1, the Limited Partner may select certain classes of deductions (but not depreciation deductions) to be allocated solely to
the General Partner. The Limited Partner shall notify the General Partner in writing no later than the due date (without extension) of the Partnership tax return for any fiscal year of the deductions to be allocated to the General Partner in this manner, and the General Partner and Limited Partner shall cause the Partnership Agreement to be amended to reflect the special allocation described in the preceding sentence. Such amendment shall be considered effective as of the first day of the year for which such return relates.

4.2.13 Matching Income Allocation of Income or Gain from Sales and Refinancing Proceeds. All items of Partnership income or gain arising from events resulting in Net Cash from Sales or Refinancings are allocated:

(i) first, as specified in Sections 4.2.4 through 4.2.7, Section 4.2.10 and Section 4.2.12 and Section 4.4.3 of this Partnership Agreement;

(ii) second, if after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, any Limited Partner has a negative Capital Account balance, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s negative Capital Account is equal to zero;

(iii) third, to any General Partner that has a negative Capital Account balance after the allocation of Profits and Losses for the Fiscal Year in which the gain arose, until its Capital Account balance is equal to zero;

(iv) fourth, 99.99% to the Limited Partner, 0.005% to the Special Limited Partner, and 0.005% to the General Partner, until each Limited Partner’s positive Capital Account balance equals any amount to be distributed to the Limited Partner pursuant to Section 5.2.1(i) and Section 5.2.1(ii); and

(v) fifth, to the Partners in accordance with the percentages specified in Section 5.2.2.

4.2.14 Grant Income. Any income recognized by the Partnership as a result of any receipt of grants by the Partnership shall be allocated 100% to the General Partner, provided that if the General Partner is (i) a “tax-exempt entity” within the meaning of Section 168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of Section 168(h)(6)(F)(iii) of the Code and has not made the election under Section 168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this Section 4.2 and Section 4.3 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

4.2.15 Special Adjustment. The special allocations in this Section 4.2.15 shall apply notwithstanding any provision of this Partnership Agreement to the contrary. Prior to making any special allocations set forth in this Section 4.2, items of expenses and other deductions (other than depreciation, amortization, cost recovery deductions and Nonrecourse Deductions) equal to the sum of the amount of any loans to the Partnership made by the General Partner or any of its Affiliates pursuant to or for the purposes described in Section 3.7 and Sections 6.4.6(i) and 6.4.6(ii) are specially allocated to the
General Partner in each tax year in which any such loan is made. Further, if any loans of the General Partner or its Affiliates are repaid by the Partnership from Cash Flow pursuant to Section 5.1(a), the General Partner shall be specially allocated an amount of gross income equal to the lesser of (i) the amount of such repayment, or (ii) the aggregate amount of expenses and deductions specifically allocated to the General Partner under this Section 4.2.15. If the General Partner is (i) a “tax-exempt entity” within the meaning of Section 168(h)(2) of the Code, or (ii) a “tax-exempt controlled entity” within the meaning of Section 168(h)(6)(F)(iii) of the Code and has not made the election under Section 168(h)(6)(F)(ii) of the Code, the allocations to the General Partner under this Section 4.2.15 shall be limited to the highest percentage of the Partnership’s property treated as tax-exempt use property, as reflected in the Projections.

Section 4.3 Timing of Allocations. Except as otherwise expressly provided in this Partnership Agreement, all allocations of Profits, Losses, and Tax Credits are to be made as of the last day of each Fiscal Year of the Partnership.

Section 4.4 Other Allocation Rules. The following rules apply for the purpose of interpreting and applying the provisions of this Article 4 relating to the allocation of Profits, Losses, and Tax Credits among the Partners:

4.4.1 Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner’s proportionate share of the “excess nonrecourse liabilities” of the Partnership within the meaning of Section 1.752-3(a)(3) of the Regulations, the Partners’ respective interests in Partnership Profits shall be those percentage interests set forth in Section 4.1 (determined without regard to Section 4.2).

4.4.2 Effect of Cash Distributions. To the extent permitted by Sections 1.704-2(h) and 1.704-2(i)(6) of the Regulations, the General Partner shall endeavor to treat distributions of Cash Flow as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Limited Partner.

4.4.3 Recharacterization of Fee as Distribution. If any fee or portion thereof payable to any Partner or any Affiliate thereof is determined to be a nondeductible distribution from the Partnership to a Partner for federal income tax purposes, there will be allocated to such Partner an amount of gross income equal to such distribution.

Notwithstanding anything to the contrary in this Partnership Agreement, if the (i) Project Property was acquired from the General Partner or its Affiliate, and (ii) Projections reflect any amount of Tax Credits allocated in respect of the acquisition of the Project Property, then, except as set forth in the Code or the Treasury Regulations thereunder, the General Partner shall not be allocated nor shall the General Partner receive a distribution in excess of 45% of the Profits, Losses, or Cash Flow (except for payment of Development Fees or repayment of any General Partner loans) of the Partnership.
Section 4.5  **Tax Effect of Allocations.** Except as otherwise required under the second paragraph of this Section 4.5, the allocation of Profits, Losses, and Tax Credits to any Partner under this Article 4 is deemed an allocation to that Partner of the same proportionate part of each separate item of Partnership taxable income, gain, loss, deduction, or credit comprising such Profits, Losses, and Tax Credits, including, without limitation, any “unrealized receivable” or “substantially appreciated inventory item” under Section 751 of the Code. The Partners are aware of the income tax consequences of the allocations made pursuant to this Article 4 and hereby agree to be bound by the provisions of this Article 4 in reporting their respective shares of Partnership income, gain, loss, deduction, and credit for income tax purposes.

Notwithstanding anything to the contrary contained in this Article 4, income, gain, loss, deduction, and credit with respect to any Partnership Property contributed to the capital of the Partnership by any Partner is, solely for tax purposes, allocated among the Partners so as to take into account any variation between the adjusted tax basis of such Partnership Property for the Partnership for federal income tax purposes and the value assigned to such Partnership Property for the purposes of the computation of the Partners’ Capital Accounts. If any revaluation of the Partnership Property is made by the General Partner (which revaluation may only be made with the consent of the Limited Partner) then any subsequent allocations of income, gain, loss, deduction, and credit with respect to such Partnership Property will take into account any variation between the adjusted tax basis of such Partnership Property for federal income tax purposes and the value assigned to such Partnership Property as a result of such revaluation. All allocations required under this paragraph of Section 4.5 are solely for purposes of federal, state, and local income taxes. These allocations do not affect and must not in any way be taken into account in computing any Partner’s Capital Account or any Partner’s share of Profits, Losses, Tax Credits or other items or distributions required or permitted to be made pursuant to any provision of this Partnership Agreement. This Section 4.5 is intended to conform to Section 704(c) of the Code.
ARTICLE 5: DISTRIBUTIONS

Section 5.1 Distribution of Cash Flow.

5.1.1 Cash Flow shall be paid, prior to the making of any distributions pursuant to Section 5.1.2 hereof, in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9 hereof;

(ii) Second, to the Asset Manager to pay any accrued and payable Asset Management Fees;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the Operating Reserve Account until such time as such account is replenished up to the Operating Reserve Target Amount;

(v) Fifth, to the Developer to pay any unpaid balance on the Deferred Development Fee;

(vi) Sixth, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7;

(vii) Seventh, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i) or 6.4.6(i)(a) and not yet repaid;

(viii) Eighth, to the payment of any then payable Cash Flow Debt Service Payments, in accordance with the applicable Loan Documents;

(ix) Ninth, until the end of the Compliance Period, 90% of the balance, if any, to be allocated 10% the General Partner as an Incentive Partnership Management Fee and 90% to the Special Limited Partner as a Guaranty Procurement Fee, both on a non-cumulative basis, and thereafter as a distribution (in those same respective proportions) pursuant to Section 6.5.5 hereof.

5.1.2 After making the payments described in Section 5.1.1 hereof, the remaining Cash Flow, if any, shall be distributed to the Partners in accordance with the following percentages:
Notwithstanding any other provision of this Section 5.1 to the contrary for each Fiscal Year a sufficient amount of Cash Flow shall be distributed to the Limited Partner such that, when such distribution is added to all other distributions of Cash Flow made to the Limited Partner with respect to such Fiscal Year, the Limited Partner will have received an amount of Cash Flow equal to at least 10% of all Cash Flow which remains after repayment of the loans referred to in Section 5.1.1(vii) with respect to such Fiscal Year.

Section 5.2 Net Cash from Sales and Refinancings. Except as otherwise provided in Article 11 of this Partnership Agreement (pertaining to the liquidation and dissolution of the Partnership), Net Cash from Sales and Refinancings shall be paid or distributed to the Partners as provided in this Section 5.2.

5.2.1 Payments. Net Cash from Sales and Refinancings and any unutilized Operating Reserves shall be paid in the following order and priority:

(i) First, to the Limited Partner to the extent of any amount which the Limited Partner is entitled to receive in order to satisfy any amounts owed to it pursuant to Section 6.9;

(ii) Second, to the Limited Partner an amount equal to the amount of taxes which will be imposed upon the Limited Partner as a result of the sale or refinancing, assuming that the Limited Partner is subject to the highest marginal federal, state and local income tax rates in effect at such time for corporations;

(iii) Third, to pay any accrued and unpaid principal and interest on loans made by the Limited Partner pursuant to Section 3.7;

(iv) Fourth, to the payment of current and accrued Asset Management Fees, if outstanding;

(v) Fifth, to the Developer to pay any unpaid balance, if any, on the Deferred Development Fee;

(vi) Sixth, to the Asset Manager the Disposition Fee;

(vii) Seventh, to repay any accrued and unpaid principal and interest on loans made by the General Partner and Special Limited Partner, pro rata, pursuant to Section 3.7; and

(viii) Eighth, to the General Partner (in the order of loans made, with earlier loans repaid in full before subsequent loans are repaid) to repay any amounts treated as loans to the Partnership (without interest) by the General Partner pursuant to Section 6.4.6(i) or 6.4.6(i)(a), and not yet repaid.
5.2.2 **Distributions.** After making the payments specified in Section 5.2.1 hereof, the balance of Net Cash from Sales and Refinancings, if any, shall be distributed 10% to the Limited Partner, 81% to the Special Limited Partner and 9% to the General Partner.

Section 5.3 **Timing of Distributions.** Distributions of Cash Flow shall be made annually within 90 days after the end of each Fiscal Year of the Partnership. The determination of the amount of Cash Flow distributable annually to the Partners under this Article 5 shall be based upon the state of facts existing on the last day of each Fiscal Year of the Partnership.

Section 5.4 **Treatment of Distributions.** Distributions to a Partner of Cash Flow are considered draws against such Partner’s allocable share of the Partnership’s Profits and Losses.

Section 5.5 **Failure to Make Tax Elections.** Notwithstanding anything to the contrary in this Article 5 or Article 4, if the General Partner is required to make the election pursuant to Section 168(h)(6)(F)(ii) of the Code and the election to be taxed as a corporation for Federal income tax purposes but fails to properly do so within the timeframe set forth in this Agreement, then the General Partner shall not be entitled to (i) any distributions under this Article 5 (except for the payment of any Development Fee or repayment of any General Partner loans) in excess of 0.005% of the Cash Flow or (ii) any Profit and Loss allocation under Article 4 (except as required under Section 704 of the Code or the Regulations thereunder) in excess of 0.005%.
ARTICLE 6: POWERS, RIGHTS AND DUTIES OF GENERAL PARTNER

Section 6.1 Management of Partnership. The Partnership is managed by the General Partner, who exercises full and exclusive control over the affairs of the Partnership, subject, however, to the limitations on its authority set forth in this Partnership Agreement (including, without limitation, Section 6.2 and Section 6.3); and provided, however the General Partner acknowledges that, until the Compliance Period has expired, the Special Limited Partner and its Affiliates will have guarantee obligations and the risks and rewards associated therewith will depend on the management decisions made in connection with the Project, and accordingly, the General Partner will keep the Special Limited Partner informed of the Partnership business and affairs, and will provide the Special Limited Partner with access to the books and records relating to the Partnership and will regularly meet with and obtain input from the Special Limited Partner. The General Partner is under a fiduciary duty to conduct and manage the affairs of the Partnership in a prudent, businesslike, and lawful manner and will devote such part of its time to the affairs of the Partnership as is deemed necessary and appropriate to pursue the business and carry out the purposes of the Partnership as contemplated in this Partnership Agreement. The General Partner shall use its best efforts and exercise good faith in all activities related to the business of the Partnership. The General Partner shall perform services in connection with the acquisition of the Project Property, including, if applicable, negotiating the purchase agreement with the seller of the Project Property, acting on behalf of the Partnership with federal, state and local authorities with respect to the Project Property, monitoring compliance with zoning, land use and other requirements with respect to the Project Property, and preparing or causing to be prepared such third-party studies as it deems necessary in connection with the acquisition of the Project Property.

6.1.1 Notwithstanding any provision of this Partnership Agreement or the Development Fee Agreement to the contrary, during the Compliance Period the General Partner shall materially participate (within the meaning of Section 469(h) of the Code and Treasury Regulations promulgated thereunder) in the development and operation of the Project. The General Partner shall devote such time and effort as necessary to assist the Developer in the development of the Property and the Project and to operate the Property and the Project. During the development of and throughout the Compliance Period for the Project, the sole member of the General Partner shall maintain its federal tax exempt status and take such other actions under Section 42(h)(5)(c) of the Code to qualify as a “qualified non-profit organization”. The General Partner acknowledges that the Limited Partner is relying on the General Partner’s (or its sole member’s) participation and involvement in the Project to accomplish the development and operation of the Project. The General Partner will keep reasonable records of its hours spent participating in the Project and shall make such records available to the Limited Partner upon request.

6.1.2 Notwithstanding anything to the contrary contained in the Development Agreement, the General Partner shall engage in the following activities during the development phase of the Project:

(i) advise the Developer concerning the design of the Project as a low-income housing project;
(ii) review and approve the Project’s Plans and Specifications;

(iii) approve the choice of architects and consultants with respect to the development and construction of the Project;

(iv) assist in obtaining all local approvals and permits necessary for the construction of the Project;

6.1.3 Construction of the Project. The sole member of the General Partner shall act as the Contractor in addition to its duties and responsibilities as sole member of the General Partner. The General Partner or Sponsor shall engage in the following activities during the construction phase of the Project:

(i) review and approve the submission of construction draw requests to the Construction Lender;

(ii) review and approve the choice of primary sub-contractor;

(iii) attend construction progress meetings with the subcontractors, and approve all change orders;

(iv) attend meetings with the Construction Lender.

6.1.4 Operation of the Project. The General Partner shall materially participate in all aspects of operating the Project. As stated above the sole member of the General Partner of the Partnership is a Qualified Non-profit. Notwithstanding anything to the contrary contained herein, the General Partner, or its sole member shall engage in the following activities throughout the Compliance Period:

(i) attempt to obtain grants and other subsidies from private institutions such as foundations and public entities to be used to subsidize rents for residents of the Project or otherwise reduce expenses of operations or provide amenities to the Project;

(ii) attempt to obtain development cost subsidies and rebates for the Project and residents thereof and attempt to obtain other affordable housing subsidies that will result in reduced rents for residents of the Project;

(iii) determine the particular requirements of low income families, and the manner in which the Project can be developed in a cost effective manner to best serve such needs;

(iv) consult with the Limited Partner and Special Limited Partner as requested on any matters regarding the Project and the surrounding community;

(v) use its best efforts to provide social services to the residents of the Project;
(vi) identify an appropriate “package” of services to be delivered to the residents of the Project based on the demographic profile of the anticipated resident community, and ultimately the actual resident community.

(vii) coordinate, on behalf of the Partnership, all relations with outside social service entities for delivery of services to the residents and coordinate with local service agencies, including housing authorities, welfare and social services departments, churches and other organizations operating for the purpose of assisting the needy, to advise such agencies about the availability of the Project as desirable housing for low-income families, and promote and encourage such agencies to refer potential tenants to the Project;

(viii) assist the Property Manager in designing its marketing and service programs.

(ix) identify and recommend target populations to the Property Manager for marketing purposes.

(x) consider ways in which the availability of the Project as suitable housing for low income families may be made more widely known in the community;

(xi) obtain information from and consult with low income tenants in the Project as to services which might be provided to such tenants by the Partnership;

(xii) obtain information from and consult with tenants concerning social and educational services from the community which might be provided to tenants at the Project;

(xiii) provide ongoing monitoring and coordination with outside groups providing the services to the Project, and, at the Limited Partner’s request, provide quarterly reports to the Limited Partner regarding their performance.

(xiv) maintain records and logs regarding the Project’s achievement of rent subsidies for targeted low income resident groups.

(xv) ensure that the Project is developed and operated as a low-income housing project in accordance with Section 42 of the Code and all rules and regulations;

(xvi) prepare, review and approve any changes to the Project’s marketing plan or management plan;

(xvii) perform all of its duties as the General Partner of the Partnership;
(xviii) the General Partner shall require that the Sponsor comply with all requirements to provide an ad valorem tax exemption to the Project pursuant to Section 11.1825 of the Texas Tax Code.

(xix) The General Partner acknowledges that (i) the amount of the Incentive Partnership Management Fee, of which it receives 10% of the total, is contingent upon the success of the Project, including the General Partner’s successful performance of the services listed herein; (ii) the General Partner has not been promised any definitive amount for the payment of the Incentive Partnership Management Fee; and (iii) it is aware that if the Project performs poorly it may not receive any payment pursuant to the conditions for payment of the Incentive Partnership Management Fee.

Section 6.2 Restrictions on General Partner’s Authority. Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans);

6.2.2 Do any act making it impossible to carry on the ordinary business of the Partnership;

6.2.3 Initiate any litigation or administrative proceedings on behalf of the Partnership (other than proceedings initiated in the ordinary course of the Partnership’s business such as evictions) or confess a judgment against the Partnership;

6.2.4 Use Partnership Property or assign rights in specific Partnership Property for other than a Partnership purpose;

6.2.5 Sell or otherwise transfer any interest in the Project Property or a material asset of the Partnership (other than leases of Residential Units or, where applicable, commercial space, in the ordinary course of the Partnership’s business, and a transfer pursuant to Article 9 below);

6.2.6 Incure any debt or liability (or enter into any agreement resulting in any such debt or liability being incurred) on behalf of the Partnership (i) that is not in ordinary course of the Partnership’s business or (ii) any debt or liabilities in the ordinary course of the Partnership’s business, in excess of $25,000.00 other than the Construction Loan, the Permanent Loan and the Subordinate Cash Flow Loans, and those liabilities (or agreements relating thereto) which have been disclosed to and approved in writing by the Limited Partner and the Special Limited Partner, provided, however, that in all events a Project loan or other form of financing that is secured by a mortgage, deed of trust, trust
deed or other security instrument encumbering the Project or any interest therein, including without limitation any refinancing of any existing Project debt, shall be subject to the prior written approval of the Limited Partner;

6.2.7 Acquire any interest in real property or acquire any item of personal property on behalf of the Partnership having a purchase price of more than $10,000.00, unless such acquisition is part of the development budget or annual operating budget that has been approved in writing by the Limited Partner;

6.2.8 Refinance, prepay, amend or modify any mortgage or long-term liability of the Partnership, including, without limitation the Permanent Loan or the Subordinate Cash Flow Loans;

6.2.9 Compromise any claim or liability in excess of $25,000.00 owed by or to the Partnership;

6.2.10 Make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or the Regulations, including, without limitation, any election under Section 42 or Section 754 of the Code. In this regard, the General Partner shall make (and the Limited Partner consents thereto) any elections required or permitted under Section 42 of the Code requested in writing by the Asset Manager;

6.2.11 Change any accounting method or practice of the Partnership;

6.2.12 Take any action that would cause the termination of the Partnership for federal income tax purposes or the dissolution of the Partnership for state law purposes;

6.2.13 Construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner);

6.2.14 Lease or otherwise operate any Tax Credit Unit in such a manner that such Tax Credit Unit would fail to be treated as a “low-income unit” under Section 42(i)(3) of the Code, or operate the Project in such a manner that the Project would fail to be treated as a qualified low-income housing project under Section 42 of the Code;

6.2.15 Except for the Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans (including any regulatory agreements or declarations governing such loans), mortgage, pledge or encumber any interest in any Partnership Property, including, without limitation, the Project Property;

6.2.16 Cause the Partnership to make a loan of any funds belonging to the Partnership or cause the Partnership to provide a guarantee of the indebtedness of any other Person;

6.2.17 Change the nature of the business or purpose of the Partnership;
6.2.18 Hire or retain any Person to manage the Project Property or the Partnership’s business other than the Property Management Agent. The Project’s management agreement with Property Management Agent as the Project Property manager will contain the provisions specified in this Partnership Agreement, including those specified under “Property Management Agent” in the Article 1 hereof;

6.2.19 Take any action (or fail to take any action) causing or resulting in a breach of any of the representations, warranties or covenants of the General Partner set forth in this Partnership Agreement, including, without limitation, those set forth in Section 6.3;

6.2.20 Admit any other person or entity as a Partner, except as specifically permitted herein;

6.2.21 Except as permitted by Section 11.1 (pertaining to dissolution of the Partnership), take any action that may cause the dissolution of the Partnership;

6.2.22 Perform any act subjecting any Limited Partner or Special Limited Partner to liability as a general partner in any jurisdiction;

6.2.23 Deposit any Partnership funds in any bank, savings and loan, or other financial institution whose accounts are not fully insured by the Federal Deposit Insurance Corporation;

6.2.24 Commingle any Partnership funds with the funds of (1) any other partnership or limited liability company in which a General Partner is a partner or managing member, as the case may be, (2) a General Partner or any of its affiliates, or (3) any other entity;

6.2.25 Execute or deliver any assignment for the benefit of creditors;

6.2.26 Become or permit any Affiliate or any other Person related to the General Partner (within the meaning of Treasury Regulations Section 1.752-4(b)) to become personally liable on, or in respect of, or guarantee all or any portion of the indebtedness evidenced by the Loan Documents;

6.2.27 Modify or amend this Partnership Agreement except as authorized herein, or materially amend any fee agreement or the Construction Contract, or materially deviate from the Plans and Specifications for the construction of the Project from those provided to the Limited Partner prior to its admission to the Partnership;

6.2.28 After the Construction Completion Date, construct any improvements on the Project Property other than those contemplated in the Plans and Specifications (or any modification thereof if such modification is expressly approved in writing by the Limited Partner) with a cost basis in excess of $25,000. If prior to the Construction Completion Date there are change orders for the approved Plans and Specifications for the Project Property, such change orders shall be permitted only with the consent of the Limited Partner, unless all of the following are satisfied: (i) an individual change is for
an amount not in excess of $25,000 and, when combined with all prior change orders, does not cause the aggregate amount of change orders to exceed $150,000, (ii) the change order does not cause a material diminishment in the construction materials or methods approved in the Plans and Specifications, and (iii) when combined with all prior change orders, the change order will not extend by more than 30 days the initial scheduled date for Construction Completion as specified in the Project documents;

6.2.29 Acquire or purchase on behalf of the Partnership any automobiles;

6.2.30 Hire any person or persons as an employee of the Partnership;

6.2.31 Enter into any contractual arrangement on behalf of the Partnership for the provision of medical services, medication management, home health care or related personal care services to the tenants of the Project. It is recognized that the term “provision of services” hereunder does not include a lease. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.32 Enter into any contractual arrangement on behalf of the General Partner for the provision of medical services, medication management, home health care or related personal care services to the tenants of the Project without the prior written consent of the Limited Partner. It is recognized that the term “provision of services” hereunder does not include a lease. The Limited Partner shall have no obligation to consent to any such arrangement at any time and may withhold any consent for such activities in its sole discretion;

6.2.33 Bring any claim based on any right or interest of the Partnership except in the name and for the benefit of the Partnership;

6.2.34 Cause the Partnership to pay any compensation to the General Partner or any General Partner Affiliate additional to the amounts permitted by or contemplated in this Partnership Agreement;

6.2.35 Do anything contrary to, or fail to take, any action deemed necessary or appropriate by the Limited Partner’s tax counsel to cause the Partnership to be treated as a partnership for federal income tax purposes;

6.2.36 File or cause to be filed on behalf of the Partnership a voluntary petition in bankruptcy or a petition or answer seeking a reorganization, liquidation, dissolution or similar relief under any statute, law, rule, or regulation; provided, however, the consent of the Special Limited Partner, which shall not be unreasonably withheld, denied, or delayed, shall also be required; and

6.2.37 Cause the conversion, merger, or consolidation of the Partnership into or with another entity.

The Limited Partner may specify conditions for its review of any matter requiring Limited Partner consent hereunder, including without limitation payment of fees to the
Limited Partner and reimbursement of third party costs related to such review. The Limited Partner and the Special Limited Partner may each require reimbursement from the Partnership of third party costs related to review of any matter requiring their consent under this Agreement.

Section 6.3 Representations, Warranties and Covenants of the General Partner and the Special Limited Partner. As an inducement to the Limited Partner to enter into this Partnership Agreement, and in addition to the representations, warranties, and covenants set forth elsewhere in this Partnership Agreement, the General Partner and the Special Limited Partner, as applicable, hereby make the following representations, warranties, and covenants to and with the Limited Partner. All of the representations and warranties are deemed given as of the date hereof and as of every date thereafter throughout the term of the Partnership’s existence and may be relied upon by counsel to the Limited Partner in connection with the Limited Partner’s investment in the Partnership. With respect to the representations, warranties, and covenants by both the General Partner and the Special Limited Partner, each such Partner makes such representations, warranties, and covenants as to itself and/or its Affiliates only and not as to the other Partner or that Partner’s Affiliates. In addition, the General Partner and the Special Limited Partner, as applicable, hereby agree that all of the representations, warranties, and covenants made herein may be relied upon by the Limited Partner’s tax counsel in rendering its tax opinion to the Limited Partner. Unless stated otherwise, the General Partner and the Special Limited Partner, as applicable, shall fully comply with and abide by all of these covenants at all times throughout the term of the Partnership’s existence.

6.3.1 The Partnership has received an allocation or a reservation (and has or will timely comply with all requirements necessary to receive an allocation) of Tax Credits in an amount that will deliver no less than the Projected Tax Credits to the Limited Partner, and will timely comply with all requirements set forth in the Carryover Allocation Agreement and the QAP (to the extent applicable);

6.3.2 At all times following the completion of the contemplated improvements to the Project Property, the General Partner shall operate the Project Property in order to qualify all 138 of the Residential Units in the Project Property for the Tax Credit with 100.00% of the tenants thereof qualifying under the appropriate income and rent restrictions of Section 42 of the Code as the same may be modified pursuant to the Extended Use Agreement (assuming no repeal or amendment of Section 42 of the Code renders such qualification impracticable), and in all other respects shall comply with the provision of Section 42 of the Code;

6.3.3 To the best of the General Partner’s and Special Limited Partner’s knowledge after due inquiry, and except as otherwise disclosed and certified in writing to the Limited Partner prior to the date of this Partnership Agreement, there are no actions, suits, or proceedings pending or threatened by any person or governmental authority against or affecting the Project Property, the General Partner, Special Limited Partner, or any of their Affiliates that may have a material adverse effect on the Project Property or the Partnership or on the ability of the General Partner and Special Limited Partner to perform their obligations hereunder;
6.3.4 The Partnership is not liable (nor has any claim been made against it) for any expense, debt, cost, liability, or other charge other than costs incurred in connection with the acquisition and construction of the Project Property, operating expenses arising in the normal course of business, and those relating to the Construction Loan, Permanent Loan and Subordinate Cash Flow Loans;

6.3.5 All current leases (if any) for the Residential Units in the Project Property are and all future leases will be for an initial term of at least six (6) months;

6.3.6 The General Partner hereby represents and warrants as follows:

(i) To the best of its knowledge, after due inquiry and investigation, except to the extent, if any, disclosed in the environmental report(s) for the Project heretofore delivered to the Limited Partner:

(a) the Project does not contain any Hazardous Substance;

(b) the Project is not in violation of any Environmental Law or any amendments of these acts or successor statutes, and no violation has occurred or is continuing; and

(c) the General Partner has no knowledge and has not received any notice from any source whatsoever of the actual or potential existence of any Hazardous Substances on the Project, or of a violation of any Environmental Law, and the General Partner shall throughout the term of the Partnership, notify the Limited Partner in writing of any notice it may receive that such a condition or violation exists or may exist.

(ii) If any such hazardous condition or the presence of any Hazardous Substance is disclosed in the aforesaid environmental report(s) for the Project and such condition or substance has not already been properly encased, encapsulated or otherwise corrected in a manner consistent with federal, state or local law:

(a) the Project budget includes an amount necessary for recommended removal, encapsulation, or other remediation of such condition or substance and

(b) the General Partner will verify that rehabilitation or construction of the Project has been or is being completed in accordance with the recommendations for removal, encapsulation, or remediation of such conditions or substances and will certify to such in writing to the Limited Partner, upon completion of the rehabilitation or construction.

(iii) The General Partner will deliver to the Limited Partner copies of all test results of materials or soils that are indicated in the environmental report(s) for the Project to be potentially hazardous or copies of any supplemental environmental report(s) that discuss the results of such tests.
(iv) The General Partner will take all actions within its control necessary to cause the Partnership to comply with and continue to comply with all ongoing or newly arising monitoring, maintenance, inspection, reporting, and remediation requirements of any applicable federal, state, or local environmental laws and regulations.

(v) If the Project has received project-based or tenant-based Section 8 rental subsidies, the Project operating budget shall include sufficient funds for the Project to comply with all applicable federal, state and local lead based paint laws and regulations.

(vi) Unless otherwise approved by the Limited Partner in writing, the aforesaid environmental report(s) are based on assessments of the Project that were performed or recertified not more than one hundred eighty (180) days prior to the date of execution of the Partnership Agreement by the Limited Partner.

(vii) The General Partner shall, to the extent any such recommendation is set forth in any of the environmental report(s) for the Project, (A) cause a qualified environmental consultant to prepare a lead and/or asbestos operations and maintenance plan for the Project Property, and (B) ensure that such plan is located in a readily accessible and appropriate area on the Project Property.

For purposes of the representations contained in this Section 6.3.6, substances known to be hazardous shall not include small amounts of chemicals, cleaning agents, or similar substances employed in routine household uses in a manner typical of occupants in other residential properties, or incidental cleaning supplies, provided that they are used at all times in strict compliance with all applicable laws and regulations and industry standards.

6.3.7 The Partnership is a duly organized limited partnership, validly existing under the Act, and has complied with all filing requirements necessary under the Act for the preservation of the limited liability of the Limited Partner;

6.3.8 No event has occurred that has caused and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an “association” taxable as a corporation, rather than as a partnership, (ii) the Partnership to fail to qualify as a limited partnership under the Act, or (iii) any Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, plus the limited dollar amount of any deficit restoration obligation agreed to by such Limited Partner pursuant to Section 11.4 and any amount required to be repaid by such Limited Partner to the Partnership pursuant to Section 7.1 hereof and the Act;

6.3.9 The Partnership owns the fee simple interest in the Project Property including the improvements in fee simple free and clear of all liens, charges, and encumbrances other than mortgages and other security instruments securing any of the Construction Loan, Permanent Loan or the Subordinate Cash Flow Loans, the Extended Use Agreement (once in effect), and those liens, charges, and encumbrances expressly
agreed to in writing by the Limited Partner and the General Partner and set forth in the owner’s title insurance policy for the Project;

6.3.10 The Project Property conforms (or will timely conform) in all respects to all applicable laws, including, without limitation, all zoning, building, health, fire, and environmental rules and regulations and there are no laws, planning rules, regulations, ordinances, requirements, or environmental laws, regulations, or procedures applicable to the Project Property that would materially inhibit or materially adversely affect the operation of the Project Property as a low income housing development;

6.3.11 The General Partner (i) has caused and will cause the Partnership to maintain with financially sound insurers with a rating of A VIII or better, as designated by A.M. Best & Company, all insurance coverage required by the Limited Partner in accordance with the Limited Partner’s current insurance standards, as posted on the NEF website (www.nefincc.org) under the portal for developers or made available to the General Partner in another manner specified in writing by the Asset Manager, and (ii) shall deliver to the Limited Partner, at least 30 days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of renewal;

6.3.12 Neither of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans nor any other loan or agreement to which the Partnership is a party, nor the General Partner’s performance of its obligations thereunder or hereunder, violates or constitutes a default under any provision of law, order of court, indenture, or other instrument affecting the General Partner, the Partnership, or the Project Property or, except for the Construction Loan, Permanent Loan and Subordinate Cash Flow Loans, result in the creation or imposition of any lien, charge, or encumbrance on the Project Property;

6.3.13 The General Partner and the Special Limited Partner have provided the Limited Partner with the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all available documents pertaining to the Construction Loan, Permanent Loan, and Subordinate Cash Flow Loans and any other information which is relevant to the construction and development of the Project Property;

6.3.14 All material information concerning the Project Property known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the General Partner and the Special Limited Partner to the Limited Partner and there are no facts or information known to the General Partner and the Special Limited Partner or any of their Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the General Partner and the Special Limited Partner to the
Limited Partner with respect to the Project Property inaccurate, incomplete, or misleading in any material respect;

6.3.15 Neither the Partnership nor any Partner (nor any Affiliate of any Partner) has or will have direct or indirect personal liability as maker, guarantor, partner, or otherwise with respect to the payment of principal or interest or any other sum due under the Permanent Loan or Subordinate Cash Flow Loans except as a consequence of certain bad acts such as gross negligence and willful misconduct, which are carved-out in the non-recourse provisions of such loans. The Construction Loan is recourse as to the Partnership. As of the date of this Partnership Agreement, there are no outstanding loans or advances from the General Partner, the Special Limited Partner, nor any of their Affiliates to the Partnership and the Partnership has no unsatisfied obligations to make any payments of any kind to the General Partner, Special Limited Partner or any of their Affiliates;

6.3.16 The execution and delivery of all instruments and the performance of all acts heretofore or hereafter made or taken or to be made or taken pertaining to the Partnership by the General Partner and the Special Limited Partner have been or will be duly authorized by all necessary corporate, limited liability company, or other action and the consummation of any such transactions with or on behalf of the Partnership will not constitute a breach or violation of, or a default under the certificate of formation or company agreement of the General Partner, the certificate of formation or company agreement of the Special Limited Partner, or any agreement by which the General Partner or the Special Limited Partner or any of their properties are bound, nor constitute a violation of any law, administrative regulations or court decree;

6.3.17 Both the General Partner and the Special Limited Partner agree that no Partner nor any Affiliate of a Partner shall be a lender to the Partnership unless, based upon the advice of tax counsel or adviser satisfactory to the Limited Partner, such loan will not likely adversely affect or cause a material re-allocation among the Partners of Tax Credits or Profits and Losses;

6.3.18 The General Partner has no knowledge of, and has not received any notices with respect to, any violations by the Partnership or the Project of federal or state law or municipal ordinances or orders or requirements of any governmental body or authority in whose jurisdiction the Project Property is subject, and the General Partner shall furnish to the Limited Partner, immediately but no later than ten business days of receipt thereof, a copy of any notice of default (or other notice of a failure to perform) under any of the Project Documents or Loan Documents given to the Partnership or the General Partner by any of the Lenders or any other party thereto;

6.3.19 There is no default existing, pending or threatened under any provision of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans, the Project Documents or any other agreement to which the Partnership is a party and the General Partner shall take all requisite action to comply with the provisions of all such loans and agreements; and, if any such default is alleged, the General Partner shall notify the
Limited Partner of such alleged default within five days of any General Partner's receipt of notification of the alleged default;

6.3.20 Both the General Partner and the Special Limited Partner agree that all appropriate roadway and public utilities, including, without limitation, telephone, sewer, water, electricity and, if applicable, gas are available or will be available in sufficient volume to the Project Property, and all easements required in connection therewith have been obtained and filed of public record and the General Partner and Special Limited Partner shall use their best efforts to keep all such utilities operating in a manner sufficient to service the Project Property and the Residential Units contained therein;

6.3.21 Both the General Partner and the Special Limited Partner agree that the construction of the Project Property will be completed in a timely and workmanlike manner by the Construction Completion Date and substantially in compliance with: (i) applicable requirements of the Construction Loan, Permanent Loan, any Subordinate Cash Flow Loans and the Project Documents; (ii) the Plans and Specifications; (iii) the Projections; (iv) the QAP (to the extent applicable); and (v) the requirements of all governmental agencies with jurisdiction over the Project Property and the development and construction thereof;

6.3.22 Both the General Partner and the Special Limited Partner agree that all building permits, environmental permits or other clearances, easements and governmental permits, licenses, and approvals required in connection with the construction, development, ownership, operation, use, and occupancy of the Project Property and all Residential Units contained therein, have been or will be timely obtained and the General Partner and the Special Limited Partner shall take all actions necessary to maintain such approvals in full force and effect;

6.3.23 No portion of the Project Property is treated as "tax-exempt use property" as defined in Section 168(h) of the Code;

6.3.24 No General Partner or Special Limited Partner is under any commitment to any real estate broker, rental agent, finder, syndicator, or other intermediary with respect to the Project or any portion thereof, except for arrangements disclosed in writing to the Limited Partner prior to the date hereof;

6.3.25 Unless the Projections indicate that the Project is treated as federally subsidized as defined in Section 42(i)(2) of the Code, none of the Project is financed with tax-exempt bond proceeds;

6.3.26 (I) The General Partner (i) is a limited liability company duly organized, in good standing, and validly existing under the laws of the Project State, and (ii) has full limited liability company power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the General Partner does not and will not result in any breach or violation of, or default under, any
agreements by which the General Partner is bound, or under any applicable law, administrative regulation or court decree;

   (II) The Special Limited Partner (i) is a limited liability company formed, in good standing, and validly existing under the laws of the Project State, and (ii) has full power to enter into this Partnership Agreement and to perform its obligations hereunder, and the consummation of all transactions contemplated herein and in the Loan Documents and the Project Documents to be performed by the Special Limited Partner do not and will not result in any breach or violation of, or default under, any agreements by which the Special Limited Partner is bound, or under any applicable law, administrative regulation or court decree;

6.3.27 The General Partner and Special Limited Partner have previously provided a true, complete, and current copy of the Partnership's original limited partnership agreement, together with all amendments thereto, to the Limited Partner, which original limited partnership agreement and amendments reflect all agreements among the Partners of the Partnership prior to its amendment hereby;

6.3.28 The execution and delivery of this Partnership Agreement and each of the other documents and agreements described in or contemplated by this Partnership Agreement by the General Partner and Special Limited Partner, and the performance of the transactions contemplated herein and in each such other document have been duly authorized by all requisite limited liability company actions, and will not result in the breach of or default under any agreement, mortgage or other instrument to which any General Partner or Special Limited Partner is a party or by which any General Partner or Special Limited Partner is bound;

6.3.29 This Partnership Agreement is binding upon and enforceable against the General Partner and Special Limited Partner in accordance with its terms;

6.3.30 The General Partner will not allow its sole member to transfer its interest therein without the consent of the Limited Partner;

6.3.31 The General Partner shall not, and shall cause the Property Management Agent not to, (i) cause or permit any waste or damage to the Project Property (other than ordinary wear and tear), or (ii) allow any tenant to use a Residential Unit, or, if applicable, commercial space, within the Project Property or any of the common areas in any manner which is unlawful, hazardous, unsanitary, noxious, or offensive or which unreasonably interferes with the use of the Project Property by the other tenants;

6.3.32 The General Partner shall maintain the Project Property in a decent, safe and sanitary condition;

6.3.33 The General Partner shall operate the Project Property in accordance with, and lease the Residential Units within the Project Property in compliance with, all applicable laws, regulations, ordinances, the Loan Documents, and the QAP (to the extent applicable):
6.3.34 To the best of the General Partner’s and Special Limited Partner’s knowledge, the Projections attached hereto as Appendix I are accurate, and the financial assumptions upon which such Projections are based are true and correct in all material respects as of the date hereof;

6.3.35 The General Partner and Special Limited Partner have determined that neither the General Partner, Special Limited Partner, Guarantor, nor any of the officers, directors, principals, employees or owners of the General Partner, Special Limited Partner, or the Guarantor is on the list of Specially Designated Nationals and Blocked Persons promulgated by the U.S. Department of the Treasury pursuant to Executive Order 13224 and located on the internet at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx;

6.3.36 The General Partner shall, and shall cause the Property Management Agent to, operate the Project in accordance with, and lease the Residential Units in compliance with, the provisions of all federal, state and local fair housing laws prohibiting discrimination in housing on the grounds of race, color, religion, sex, familial status, national origin, or handicap, including, without limitation, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, Title VI of the Civil Rights Act of 1964 (Public Law 88-353, 78 Stat. 241), Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975;

6.3.37 The General Partner shall obtain from the Property Management Agent and maintain copies of the First Year Tenant Files in a secure location under its control in accordance with requirements of Section 42 of the Code;

6.3.38 The General Partner shall deliver to the Asset Manager evidence satisfactory to the Asset Manager that the Partnership has (i) timely prepared and filed, on an annual basis if applicable, all necessary documentation for the Project to receive a 50% partial real estate tax exemption or other real estate tax relief; and (ii) received, on an annual basis if applicable, such real estate tax exemption or other real estate tax relief, within 15 days of its receipt;

6.3.39 Both the General Partner and the Special Limited Partner agree that if there are any building, multiple dwelling and/or other municipal violations filed or noted against the land on which the Project is located or the Project, including any unsafe building violation or lien as of the date hereof, such violation will be corrected upon completion of the construction substantially in accordance with the Plans and Specifications;

6.3.40 To the best of the General Partner’s and Special Limited Partner’s knowledge after due and diligent inquiry, the General Partner, the Special Limited Partner, the Partnership, its Property Management Agent, the Project Property, and all the Loan Documents and Project Documents are in compliance with all applicable federal, regional, state and local laws, rules, regulations, statutes, decisions, orders, judgments, directives, decrees, codes guidelines or ordinances of any governmental or regulatory authority, court or arbitrator;
6.3.41 No event of bankruptcy has occurred with respect to the General Partner or the Special Limited Partner or any of their Affiliates;

6.3.42 The General Partner shall promptly deliver or cause to be delivered to the Limited Partner and the Special Limited Partner, for review and approval, prior to its execution or implementation, the following Project related documents: residency service plan agreement, certificate or license, Property Management Agreement, and any other agreements or documents related to the administration of health care services to residents of the Project; provided, however, if any such agreement is dated prior to the date hereof, the parties hereto agree that, to the extent required by the Limited Partner, such agreement shall be re-negotiated to the satisfaction of the Limited Partner;

6.3.43 The General Partner shall materially participate (within the meaning of Section 469(h) of the Code and the Regulations promulgated thereunder) in the development and operation of the Project Property. During the development of, and throughout the Compliance Period for the Project Property, the General Partner shall cause its sole member to maintain its federal tax-exempt status and take such other actions as are necessary under Section 42(h)(5)(c) of the Code to qualify as a “qualified nonprofit organization.” The General Partner acknowledge(s) that the Limited Partner is relying on the General Partner’s participation and involvement to accomplish the development of the Project;

6.3.44 The General Partner shall cause the Partnership to enter into a Property Management Agreement with the Property Management Agent pursuant to the provisions set forth in Section 6.4.9 below and, if the Property Management Agent is an Affiliate of the General Partner or the Special Limited Partner, the General Partner shall ensure that such Property Management Agreement provides for the subordination of the Property Management Agent’s Fee to the payment of Operating Deficits until such time as funds are available to pay such fees;

6.3.45 Any counseling, healthcare, housekeeping or similar supportive services (“Supportive Services”) to be provided to the residents of the Project shall be performed, unless otherwise approved by the Asset Manager, in writing, under service agreements between the General Partner or residents receiving such Supportive Services and the provider of such Supportive Services. The service provider shall be a third party other than the Partnership or the General Partner. To the extent that any services are required to be provided to the tenants of the Project by any Lender or any Project Document (including, but not limited to any Supportive Services), the General Partner shall be responsible for ensuring that such services are made available by one or more service providers to the tenants and a failure to do so will be a default under Section 10.6.1 hereof to the extent that it creates a default under any Project Document. If the costs of such services are not included in the Projections, the General Partner shall be responsible for ensuring that all such required services continue at no cost to the Partnership, and the General Partner shall guaranty that all such services will be provided, except to the extent that the Project Documents are modified, waived or released such that some or all of the services are no longer required to be provided to the tenants of the Project. In addition, to the extent any Supportive Services are provided at the Project, the General Partner shall
require the Property Management Agent to include in all residential leases for the Project a provision (to be approved by the Asset Manager prior to the provision of such services) that releases the Partnership from any liabilities or damage caused to the residents as a result of the provision of such services;

6.3.46 Both the General Partner and the Special Limited Partner agree that the Project complies with the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act of 1988, all federal, state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto including, without limitation, the American with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted;

6.3.47 Both the General Partner and the Special Limited Partner agree that the rents charged to the tenants of the Tax Credit Units will not exceed 30% of the applicable income limitation as determined under Code Section 42(g)(1);

6.3.48 The Project has been designated by the allocating agency as needing additional credits for financial feasibility and shall be treated as if it were in a difficult to develop area as defined in Code Section 42(d)(5)(B);

6.3.49 Both the General Partner and the Special Limited Partner agree that all requirements under Code Section 42 will have been met at the time of the Project’s Placement in Service so that the Project’s Tax Credit Units will qualify for the Tax Credits if leased to qualified tenants pursuant to Section 42 of the Code;

6.3.50 The land on which the Project is located is, and will be at all times, properly zoned, and the General Partner and Special Limited Partner will not act or omit to act in a manner that would cause such proper zoning to be terminated;

6.3.51 The General Partner shall promptly correct all building code and Environmental Law violations, including any such violations that occur during the construction or rehabilitation of the Project;

6.3.52 If so required under this Agreement, the General Partner shall and shall cause the Partnership to perform all radon mitigation, testing, evaluation and/or remediation pursuant to and in accordance with all appropriate federal, state, and local laws, regulations, guidelines, and requirements;

6.3.53 The General Partner shall and shall cause the Partnership to comply with all provisions contained in the Carryover Allocation Agreement and the application for Tax Credits submitted to the State Housing Finance Agency as to which the State Housing Finance Agency awarded points pursuant to its scoring or award procedures;

6.3.54 The General Partner and the Special Limited Partner shall and shall cause the Partnership, each of their respective Affiliates, the Sponsor, and the Guarantor, to comply with the Money Laundering Control Act, Executive Order 13224, USA Patriot Act of 2001 (Public Law 107-56), and all federal regulations issued with respect thereto,
which shall include, but not be limited to, providing to each Project lender the names, addresses, tax identification numbers and/or such other identification information concerning the Partnership, the General Partner, the Special Limited Partner, any of their respective Affiliates, the Sponsor, or the Guarantor, as shall be necessary for each Project lender to comply with federal law;

6.3.55 The General Partner shall cause the Accountant to prepare the Partnership’s financial statement in accordance with GAAP and to comply with any instructions received from the Limited Partner concerning depreciation periods to be used for real and personal property in accordance with GAAP.

6.3.56 No Foreign Drywall was used or will be used in the construction and/or rehabilitation of the Project;

6.3.57 The General Partner shall deliver to the Limited Partner within 30 days of the date first set forth above, the Owner’s Title Insurance Policy;

6.3.58 The General Partner shall (i) cause the Partnership to pay, on or prior to any applicable due date related thereto, any and all taxes, fees, and impositions, including but not limited to, transfer taxes, stamp taxes, and other related costs or charges incurred by or to be incurred by the Partnership in connection with the Partnership’s acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property; and (ii) promptly deliver to the Limited Partner satisfactory evidence of such payments, including but not limited to, any state and/or local transfer tax declarations; provided, however, that if the acquisition, either in fee simple or through a leasehold interest, of the land underlying the Project Property is exempt from any such aforementioned taxes, then the General Partner’s counsel shall deliver a letter to the Limited Partner (and its successors and/or assigns) setting forth the basis of such exemption, which shall also include a copy of any filings required to support such exemption;

6.3.59 To the extent not inconsistent with the Loan Documents and unless otherwise directed in writing by the Limited Partner, the General Partner shall promptly apply all proceeds of insurance and condemnation awards to the restoration and rebuilding of the Project, provided that such proceeds shall be applied in accordance with (i) all requirements of any applicable laws, rules, regulations, and ordinances, and (ii) plans and specifications previously approved by the Limited Partner;

6.3.60 The aggregate Projected Tax Credits applicable to the Project which are anticipated to be available to the Partnership for the Credit Period is $15,000,000;

6.3.61 The General Partner has made the Section 168(h)(6) Election and the election to be taxed as a corporation in the manner and within the timeframes described by the Accountant in the Accountant’s Section 168(h) Certificate;

6.3.62 The General Partner shall cause the Guarantor to maintain (a) Unencumbered Liquid Assets in an amount not less than (i) Five Hundred Thousand Dollars ($500,000.00) from the date of this Agreement until Construction Completion,
(ii) Three Hundred Fifty Thousand Dollars ($350,000.00) thereafter until Permanent Loan conversion, and (iii) Two Hundred Fifty Thousand Dollars ($250,000.00) thereafter through the end of the Operating Deficit Guaranty Period, and (b) net worth of not less than One Million Dollars ($1,000,000) from the date hereof until Construction Completion, as reflected in Guarantor’s annual financial statements delivered to the Asset Manager pursuant to Section 8.4.2(iii).

6.3.63 If the General Partner is required by the terms of this Agreement to make an additional Capital Contribution in the performance of its obligations hereunder, the General Partner shall give the Limited Partner ten business days’ prior written notice and the Limited Partner shall have the right, based on the advice of its tax counsel, to provide written direction to the General Partner within such ten business day period confirming that the action to be taken shall be structured as the making of a Capital Contribution or redirecting the General Partner to structure the action as a loan to the Partnership in the same amount in lieu of a Capital Contribution. The General Partner agrees to abide by such direction from the Limited Partner, provided that if the Limited Partner fails to respond to the General Partner’s notice within such ten business day period, the General Partner may proceed to satisfy its obligations by making the additional Capital Contribution in accordance with the terms of this Partnership Agreement; and

6.3.64 The General Partner hereby represents and warrants as follows:

(i) The General Partner shall not engage, has not engaged and does not engage, in any business other than being the General Partner of the Partnership;

(ii) The General Partner shall not enter into and has not entered into any contract or agreement with any affiliate of the General Partner, any constituent party of the General Partner, or any affiliate of any constituent party, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm’s length basis with third parties other than any such party;

(iii) To the extent that the General Partner and any of its Affiliates: (a) occupy any premises in the same location; (b) share the same officers and other employees; (c) jointly contract or do business with vendors or service providers or share overhead expenses; and (d) contract or do business with vendors or service providers where the goods or services are wholly or partially for the benefit of its Affiliates, the General Partner, to the extent that the General Partner is liable for any such expenses, has and shall always allocate fairly, appropriately and nonarbitrarily any expenses and costs among and between such entities with the result that each entity bears its fair share of all such rent and expenses;

(iv) The General Partner has and shall continue to pay its debts and liabilities from its own assets as the same shall become due; provided, however, that the foregoing shall not be construed as a guaranty of the Partnership’s
obligations except as expressly provided in this Partnership Agreement. No Affiliate has paid any debts or liabilities on behalf of the General Partner;

(v) The General Partner has and shall continue to maintain books, financial records and bank accounts that are separate and distinct from the books, financial records and bank accounts of any other Person including any Affiliate;

(vi) The General Partner has and shall continue to maintain separate annual financial statements prepared in accordance with GAAP, showing its assets and liabilities separate and distinct from those of any other entity; in the event the financial statements of the General Partner are consolidated with the financial statements of any other entity, the General Partner has and shall continue to cause to be included in such consolidated financial statements: (a) a narrative description of the separate assets, liabilities, business functions, operations and existence of the General Partner to ensure that such separate assets, liabilities, business functions, operations and existence are readily distinguishable by any entity receiving or relying upon a copy of such consolidated financial statements; and (b) a statement that the General Partner’s assets and credit are not available to satisfy the debts of such other entity or any other person;

(vii) The General Partner has and shall continue to file its own tax returns and pay its own taxes required to be paid under applicable law;

(viii) The General Partner has and shall continue to (a) hold itself out as an entity separate and distinct from any other Person; (b) not identify itself or any of its Affiliates as a division or part of the other; (c) correct any known misunderstanding regarding its separate status; and (d) use separate stationery, invoices, checks, and the like bearing its own name;

(ix) The General Partner has and shall continue to conduct its business in its own name so as to avoid or correct any misunderstanding on the part of any creditor concerning the fact that any invoices and other statements of account from creditors of the General Partner are to be addressed and mailed directly to the General Partner, though this provision shall not prohibit such mail to be delivered to the General Partner c/o any other entity;

(x) The General Partner has and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations consistent with the requirements of this Partnership Agreement;

(xi) The General Partner has not and shall not commingle any of its assets, funds or liabilities with the assets, funds or liabilities of any other Person or Affiliate;

(xii) The General Partner has and shall continue to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any party;
(xiii) The General Partner has not and shall not (a) assume or guaranty the debts of any other Person in a manner that includes a pledge, encumbrance, transfer or hypothecation (whether by operation of law or otherwise) of any assets or interests of the Partnership, (b) hold itself out to be responsible for the debts of another Person in a manner that includes the pledge, encumbrance, transfer or hypothecation of any assets or interests of the Partnership (whether by operation of law or otherwise), (c) otherwise pledge, encumber, transfer or hypothecate the assets of the Partnership for the benefit of another Person or permit the same to occur, or (d) hold the Partnership’s credit as being available to satisfy the obligations of any other Person; and

(xiv) All transactions carried out by the General Partner have been and will be, in all instances, made in good faith and without intent to hinder, delay or defraud creditors of the General Partner.

Section 6.4 Specific Obligations of General Partner. The General Partner shall, on behalf of and in the name of the Partnership and in addition to any obligations placed upon it elsewhere in this Partnership Agreement, have the following specific obligations:

6.4.1 Securities Law Matters. The General Partner shall prepare and file appropriate reports for the Partnership, if any, with the Securities and Exchange Commission and state securities administrators.

6.4.2 Limited Partnership Status. The General Partner shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Partnership as a limited partnership under the Act and to qualify the Partnership to transact business in all such jurisdictions as may be required under applicable provisions of law and (ii) take or cause the Partnership to take all reasonable steps deemed necessary by counsel to the Partnership to assure that the Partnership is at all times classified as a partnership for federal and state income tax purposes.

6.4.3 Tax Matters Partner. For the purposes of Subchapter C of Chapter 63 of the Code, the General Partner shall serve as the “Tax Matters Partner” of the Partnership and, as such, has all of the rights and obligations given to a Tax Matters Partner under said Subchapter. Notwithstanding anything to the contrary contained herein, the General Partner, in its capacity as the Tax Matters Partner, shall not take any of the following actions without first obtaining the prior written consent of the Limited Partner:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax item);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any Partnership tax item;

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any IRS adjustment;
(iv) Initiate or settle any judicial review or action concerning the amount or character of any Partnership tax item;

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment of any Partnership tax item; or

(vi) Take any other action that would have the effect of finally resolving a tax matter affecting the rights of the Partnership and its Partners or otherwise have a material adverse effect on any tax matters affecting the Partnership and its Partners.

The General Partner shall keep the Limited Partner and the Special Limited Partner advised of any dispute the Partnership may have with any federal, state, or local taxing authority, and shall afford the Limited Partner and the Special Limited Partner the right to participate directly in negotiations with any such taxing authority in an effort to resolve any such dispute.

6.4.4 Governmental Filings. The General Partner shall prepare, sign, and submit to the IRS, the State Housing Finance Agency, and any other governmental authority having jurisdiction over the Project Property, on a timely basis, any and all annual reports, information returns, and other certifications and information required by any such governmental agency. The General Partner shall cause the Partnership to comply with all other applicable requirements of any federal, state, or local agency having jurisdiction over the Project Property, including, without limitation, any requirements of any such governmental agency with respect to the funding and maintenance of any operating or replacement reserves for the Project Property.

6.4.5 Bank Accounts. The General Partner shall establish in the name and on behalf of the Partnership such bank accounts as shall be required to facilitate the operation of the Partnership’s business. The Partnership’s funds shall not be commingled with any other funds of the General Partner or any of its Affiliates, including without limitation, any other partnership in which the General Partner is a general partner. Funds of the Partnership held in bank accounts shall be deposited in one or more interest bearing accounts maintained in FDIC insured banking institutions, with no such account having a balance in excess of the maximum insured amount, or in Temporary Permitted Investments. If the Partnership incurs any loss due to any Partnership funds being deposited in FDIC insured accounts with balances in excess of the maximum insured amount and that are not Temporary Permitted Investments, the General Partner and the Guarantor (pursuant to the Guaranty Agreement) shall be absolutely and unconditionally liable to the Partnership and the Limited Partner with respect to any such loss. Promptly upon the request of the Limited Partner, the General Partner shall obtain and deliver to the Limited Partner full, complete, and accurate statements of the amount and status of all Partnership bank accounts and all withdrawals therefrom and deposits thereto.

6.4.6 Guaranties. The General Partner shall have the following guaranty obligations.
(i) **Development Completion Guaranty.**

(a) The General Partner hereby absolutely and unconditionally guarantees to the Partnership and the Limited Partner that the Project Property will be constructed in a good and workmanlike manner free and clear of all mechanics', materialmen's, and similar liens, in accordance with the Plans and Specifications and in accordance with the terms, conditions and provisions of the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans and this Partnership Agreement, will be equipped with all necessary and appropriate fixtures, equipment and personal property on or before the Construction Completion Date, and the Project will be leased-up in accordance with the Projections. The obligations of the General Partner under the Development Completion Guaranty shall be unlimited in amount and shall include, without limitation, the obligation to provide all funds (a) required of the Partnership to complete construction of the Project Property and to repair any latent defects that occur within one year of completion of construction (to the extent not then available under the Construction Loan, Permanent Loan, Subordinate Cash Flow Loans or Capital Contributions), (b) needed for unanticipated or additional development or construction costs, on- and off-site escrows, taxes, insurance premiums, interest, funding of Operating Deficits, reserves, escrows, legal expenses, and accounting expenses until the Project achieves Stabilized Occupancy, (c) needed for repayment in full of the Construction Loan and (d) required to pay the Right-Sized Payment Amount and any other amounts due from the General Partner under Section 6.4.6(i)(b) hereof. The repayment of any borrowings arranged by the General Partner to fund its obligations under this Section 6.4.6(i) are the sole obligation of the General Partner. Funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(i) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the construction cost overruns are due to the gross negligence or willful misconduct of the General Partner or any of its Affiliates, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(b) If, immediately prior to the conversion of the Construction Loan to the Permanent Loan, the Right-Sized Permanent Loan Amount is less than the Permanent Loan amount that is set forth in the Projections (the difference between the two amounts being referred to herein as the "Right-Sized Payment Amount"), then the amount of the Permanent Loan shall be reduced to the Right-Sized Permanent Loan Amount and the General Partner shall be required, as part of its Development Completion Guaranty, to provide funds to the Partnership in an amount equal to the
sum of (a) the Right-Sized Payment Amount plus (b) an amount equal to any penalties or premiums the Partnership is obligated to pay to the Permanent Lender due to the reduction of the Permanent Loan amount to the Right-Sized Permanent Loan Amount. Any funds provided by the General Partner in accordance with the preceding clause (b) shall be promptly paid by the Partnership to the Permanent Lender. If, however, the Partnership is prohibited from reducing the amount of the Permanent Loan pursuant to the Permanent Loan Documents, then the General Partner using its own funds shall deposit into the Operating Reserve Account an amount equal to the Right-Sized Payment Amount.

(ii) **Operating Deficit Guaranty.** The General Partner shall be required, upon the reduction of the Operating Reserve Account to zero, to promptly provide funds to the Partnership from time to time as needed in an amount up to the Operating Deficit Guaranty Amount for Operating Deficits occurring during the Operating Deficit Guaranty Period. Repayment of any letters of credit or other borrowings arranged by the General Partner to meet its obligations under this Section 6.4.6(ii) shall be the sole obligation of the General Partner. Subject to Section 6.4.6(iii) below, funds made available by the General Partner to fulfill its obligations pursuant to this Section 6.4.6(ii) shall be accounted for as unsecured loans to the Partnership by the General Partner and may be reimbursed to the General Partner, without interest, in accordance with Section 5.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2 hereof. If the Operating Deficit overruns are due to the gross negligence or willful misconduct of the General Partner, then any guaranty advances made by the General Partner to cover such costs shall be deemed to be damages that are not repayable as loans to the Partnership.

(iii) **Cumulative Guaranty Obligations.** The various guaranty obligations under this Section 6.4.6 are cumulative, not concurrent. Any limitation of liability under one guaranty shall not affect the amount of liability under any other guaranty, and any payment of obligations under one guaranty shall not reduce the amount of liability under any other guaranty.

6.4.7 **Required Reserves.**

(i) **Lease-up Reserve.** The General Partner shall establish a lease-up reserve (the “Lease-up Reserve”) which shall be used only to fund Operating Deficits incurred by the Partnership prior to the commencement of the Operating Deficit Guaranty Period. The Lease-up Reserve shall be funded from Limited Partner’s Second Installment of Project Equity in the amount of $551,566.00, held in a separate bank account (the “Lease-up Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the beginning of the Operating Deficit Guaranty Period. The General Partner shall report on disbursements from the Lease-up Reserve in the quarterly management reports provided to the Asset Manager in accordance with Section 8.2.2. Any disbursement from the Lease-up Reserve by the General Partner for
any purpose other than funding Operating Deficits prior to the Operating Deficit Guaranty Period shall constitute an Event of Default under Section 10.6.1. The obligations related to the Lease-up Reserve are in addition to, and not in place of, those of the General Partner pursuant to Sections 6.4.6(i) and 6.4.6(i)(a) above. If, on the date that the Partnership achieves Stabilized Occupancy there are any funds remaining in the Lease-up Reserve Account, those funds shall, subject to any required Lender consent and after being used to fund any amounts identified in Section 3.2.6(v)(A) and (B), be used to fund up to $200,000 of the incentive construction oversight fee contemplated in Section 3.2.6(v) hereof, and then the remainder shall be deposited into the Replacement Reserve Account described below, in addition to the amounts required to be deposited in the Replacement Reserve Account pursuant to Section 6.4.7(ii), below.

(ii) **Operating Reserve.** The General Partner shall establish an operating reserve (the "Operating Reserve") to fund Operating Deficits incurred by the Partnership. The Operating Reserve shall be funded from Limited Partner’s Fifth Installment of Project Equity in the amount of $514,938.00, held in a separate bank account (the “Operating Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained until the end of the Project’s Compliance Period. Throughout the Compliance Period, the General Partner shall also be obligated, to the extent funds are available, to replenish the Operating Reserve Account up to the Operating Reserve Target Amount out of Cash Flow in accordance with Section 5.1 hereof or from sales or refinancings (prior to the distribution of Net Cash from Sales and Refinancings). Withdrawals from the Operating Reserve Account will require the prior written approval of the Asset Manager (except in the event of an emergency that has an immediate impact on the safety of the residents or structural integrity of the Project, in which case the General Partner shall, within five business days of such withdrawal, notify the Asset Manager and the Special Limited Partner in writing of the amount of the withdrawal from the Operating Reserve Account and the purpose for which such withdrawal was made). If the Operating Reserve Account is under the control of a Project lender, the General Partner shall first obtain the approval of the Asset Manager prior to obtaining the consent of the Project lender. Within 30 days of receipt and approval by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such 30-day period, the withdrawal request will be deemed to be approved. Upon depletion of all of the funds in the Operating Reserve Account, any continuing shortfalls shall be funded pursuant to the Operating Deficit Guaranty described above in Section 6.4.6(ii). Notwithstanding anything to the contrary in this Section 6.4.7(ii), beginning in the 11th year of the Credit Period and for every year thereafter, the General Partner shall be allowed to request of the Asset Manager the ability to use up to 20.00% of any funds remaining in the Operating Reserve Account for each remaining year of the Compliance Period for the sole purpose of funding capital improvements and repairs to the Project, in accordance with Section 6.4.7(iii) below; provided, however, that (A) the Operating Reserve
Account on the first day of the 11th year is funded in an amount not less than the Operating Reserve Target Amount, (B) the Project has achieved an average Debt Service Coverage Ratio of 1.15 or better for the immediate prior 24 months (during which time there had been no draws upon the Operating Reserve Account), and (C) the General Partner provides satisfactory evidence to the Asset Manager that the Project is projected to operate at a Debt Service Coverage Ratio of 1.15 or better for the remaining term of the Compliance Period. Any excess funds remaining in the Operating Reserve Account at the end of the Compliance Period shall be released from the Operating Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to Section 5.2 and Section 11.2 hereof. Any funds in the Operating Reserve Account still remaining after the Limited Partner’s exit taxes have been paid shall be distributed to the Partners in accordance with Section 5.2 and Section 11.2 hereof.

(iii) Replacement Reserve. The General Partner shall establish a replacement reserve (the “Replacement Reserve”) to fund capital improvements and repairs to the Project. The General Partner shall fund the Replacement Reserve with proceeds from Gross Cash Receipt beginning on January 1st of the year immediately following the year in which the Project is Placed in Service. The Replacement Reserve shall be held in a separate bank account (the “Replacement Reserve Account”), controlled by the General Partner (or a Project lender, if required by such lender), and maintained throughout the Project’s Compliance Period. The General Partner will be required to fund the Replacement Reserve Account on a cumulative basis, annually, in an amount equal to the greater of $250 per unit per year (to be increased annually by 3%) or such amount as required by any Project lender, from Gross Cash Receipts prior to distribution of Cash Flow. Withdrawals from the Replacement Reserve Account during any calendar year that in the aggregate exceed the lesser of $5,000.00 or 10.00% of the amount of any remaining funds in the Replacement Reserve Account at such time, shall require the written approval of the General Partner and the Asset Manager. Within ten business days of Receipt and approval by the Asset Manager of such request, the Asset Manager shall notify the General Partner whether the request has been approved, disapproved or whether additional information is needed to evaluate the request. If the Asset Manager does not respond within such ten-business-day period, the withdrawal request will be deemed to be approved. Any funds remaining in the Replacement Reserve Account at the end of the Project’s Compliance Period shall, subject to any required Lender consent, be released from the Replacement Reserve Account and used by the Partnership to first pay the Limited Partner’s exit taxes due upon sale or dissolution pursuant to Section 5.2 and Section 11.1 hereof. Any funds still remaining in the Replacement Reserve Account after the Limited Partner’s exit taxes have been fully paid shall, subject to any required Lender consent, be distributed to the Partners in accordance with Section 5.2 hereof (in the case of a sale of the Project), or in accordance with Section 11.2 hereof (in the case of the dissolution of the Partnership). After the completion of the seventh year of the Project’s Compliance Period, the Asset Manager shall have the right to require a
physical assessment of the Project pursuant to which the amount required to be maintained in the Replacement Reserve Account may be increased at the reasonable discretion of the Asset Manager.

The above reserves shall be held in segregated interest bearing accounts (the Lease-up Reserve, if applicable, may be held in the same account as the Operating Reserve). Any failure to obtain any required approval of the Asset Manager or failure to provide the Asset Manager with proper notice shall constitute an Event of Default under Section 10.6 below. Any interest earned with respect to any of the above reserve accounts shall be deposited into that respective reserve account for the benefit of the Partnership.

6.4.8 **Qualified Occupancy.** The General Partner shall use its best efforts to cause the Project Property to achieve Qualified Occupancy on or before the Qualified Occupancy Date.

6.4.9 **Property Management.** The General Partner, on behalf of the Partnership, shall enter into a Property Management Agreement with the Property Management Agent for the physical property management and leasing of the Project, in form and of content as set forth in a separate document approved in writing by the General Partner and the Asset Manager. The General Partner, on behalf of the Partnership, shall diligently enforce all of the obligations of the Property Management Agent under the Property Management Agreement and shall perform all of the Partnership's obligations as owner thereunder, subject to the following terms and conditions:

(i) **Renewal or Successor Agreements.** Upon the termination of such Property Management Agreement or any subsequent Property Management Agreement, the General Partner shall renew the same or enter into an agreement that does not differ materially from the initial Property Management Agreement in Property Management Agent obligations and owner remedies, or in any other respect, with the same Property Management Agent or another Property Management Agent of at least comparable ability and experience who can reasonably be expected to perform at least as well, subject to the requirements of subparagraphs (ii) and (iii) hereinbelow.

(ii) **Notice and Consultation.** If the General Partner wishes to enter into a new form of management agreement or retain the services of a different Property Management Agent, it shall give the Asset Manager and the Special Limited Partner at least 30 business days' prior written notice of the proposed change, accompanied by a copy of any proposed new Property Management Agreement and a written description of the identity and qualifications of any proposed new Property Management Agent, and the General Partner shall consult with the Asset Manager regarding the proposed change.

(iii) **Asset Manager Consent.** Under any circumstances, the General Partner shall not enter into a new management agreement materially different
from the initial Property Management Agreement in any respect without the prior
written consent of the Asset Manager as to the form and content of such new
management agreement, nor shall the General Partner retain the services of a
property management agent other than a property management agent previously
approved by the Asset Manager without the prior written consent of the Asset
Manager as to the identity and qualifications of such new property management
agent, provided such consent shall not be unreasonably withheld, conditioned or
delayed. For purposes of this provision, a management agreement shall be
deemed to be materially different if the agreement involves a change in the
parties, services or fees to be provided to the Property Management Agent.

(iv) **Termination of Non-Performing Property Management Agent.**
If the Property Management Agent fails to perform any of its obligations under
the Property Management Agreement, whether general or specific obligations, in
any material respect, including without limitation, failure to capably manage the
Project as measured by sustained high Project vacancies, delinquent rents, or
Operating Deficits (in each case beyond levels specified in the Projections),
inadequate maintenance, or failure to qualify tenants under low-income housing
tax credit requirements, or repeated failure to provide or unreasonable delay in
providing accurate financial or operating reports to the General Partner and the
Limited Partner, the General Partner shall promptly comply with the terms of the
Property Management Agreement regarding notice to the Property Management
Agent and its opportunity to cure. The General Partner shall also simultaneously
provide the Asset Manager and the Special Limited Partner with a copy of this
notice and any documentation explaining why the Property Management Agent
should not be terminated for cause. Upon expiration of the applicable cure
period, and the failure of the Property Management Agent to cure its breach of the
Property Management Agreement, the General Partner shall consult with the
Asset Manager as to whether or not the Property Management Agent should be
retained and, if so, under what terms and conditions. Unless within ten business
days of the delivery of this notice the Asset Manager consents in writing to the
retention of the Managing Agent, the General Partner shall terminate the Property
Management Agent for cause, in accordance with the terms of the Property
Management Agreement. The General Partner shall also immediately enter into a
new Property Management Agreement with a substitute Property Management
Agent, subject to the prior written consent of the Asset Manager. For purposes of
this Section 6.4.9(iv), “cause” shall include, but not be limited to, any one of the
following: (a) failure to promptly and competently perform (after any applicable
notice and within the applicable cure period) all duties of the Property
Management Agent under the Property Management Agreement with the
Partnership, (b) failure of the Project to generate at least 80% of the Projected Tax
Credits in any calendar year, (c) failure to materially comply with the record
keeping, tenant qualification and rental requirements of the Extended Use
Agreement and Section 42 of the Code and the Regulations, rulings, and policies
related thereto, (d) material mismanagement of the Project, or (e) if the Property
Management Agent is an Affiliate of the General Partner, removal of the General
Partner pursuant to Section 10.6 hereof.
6.4.9 Removal of Non-Complying General Partner. If the General Partner fails to comply with any of the requirements of this Section 6.4.9, it may be removed for cause pursuant to Section 10.6 hereof.

All Property Management Agreements shall contain specific provisions requiring the Property Management Agent to rent to low-income tenants at the level required to maintain Qualified Occupancy, to obtain prior written approval of the General Partner for any deviation from such level, to obtain tenant income certifications and employer and/or other relevant verifications of tenant income, to determine low-income tenant eligibility for tax credit purposes, to deliver certifications of its compliance with these requirements and of Project rent rolls upon Qualified Occupancy and annually prior to the times such information is required for low-income housing tax credit purposes, to keep records of such low-income rental and occupancy and deliver copies of leases, certifications, and verifications to the Partnership, and to prepare elections, certifications, and any other materials contemplated by Section 6.4.12 hereof, to the extent necessary or advisable to qualify for and maintain the Tax Credit and any other available tax benefits in connection with such rental and occupancy. Where the Property Management Agent is the General Partner, the Special Limited Partner, or their Affiliate, each management agreement shall provide that the property management agent’s monthly fees are accrued and subordinated to payment of Operating Deficits until funds are available to pay such fees.

6.4.10 Cooperation with Asset Manager. The General Partner shall cooperate and shall cause the Property Management Agent to cooperate fully with the Asset Manager so that the Asset Manager may carry out its duties and obligations. In the event that the Asset Manager is replaced or substituted by the Limited Partner, in its sole and absolute discretion, all rights, duties and obligations of the Asset Manager shall be assumed by and inure to the benefit of any such substitute or replacement Asset Manager upon delivery of notice by the Limited Partner to the General Partner of such replacement or substitution.

6.4.11 Rental Program. The General Partner shall cause the Project to be rented to low-income tenants to the extent projected in the Projections. Without limitation of the foregoing, the General Partner shall (i) use its best efforts to achieve Qualified Occupancy (as defined in Article I) within the time specified in the Projections; (ii) comply with the rent schedule set forth in the Projections; (iii) cause to be kept all records of rental and occupancy throughout the Compliance Period; (iv) cause the Property Management Agent to comply with all income certification and record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a low-income housing tax credit based on the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project; and (v) take such other actions required under Section 6.4.12 below to claim all available tax benefits in connection therewith. The General Partner and the Property Management Agent shall comply with all income certification and other record-keeping requirements of the Code and Regulations, and of prudent management accounting practices, to support the claim of a Tax Credit based on
the occupancy requirements for the Project and any other material tax benefits resulting from such low-income occupancy of the Project.

6.4.12 Tax Benefits Requirements. The General Partner acknowledges that it is of great importance that the Tax Credits and all other tax benefits contemplated in the Projections be achieved and maintained. Accordingly, the General Partner agrees as follows:

(i) **No Delays.** The General Partner shall not cause or suffer any delay in Placement in Service or Qualified Occupancy that would reduce such anticipated tax benefits.

(ii) **Record-Keeping.** The General Partner shall cause to be kept all records and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income levels of tenants, set-aside for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits and any other available tax benefits in connection with low-income occupancy of the Project.

(iii) **Set-Aside Election.** The minimum low-income set-aside requirement specified in the Projections was elected in the application for Tax Credits and may not be changed.

(iv) **Initial Tax Credit Year.** The General Partner shall elect, upon the request of the Limited Partner or subject to the approval of the Limited Partner, to claim such Tax Credits for each Building in the Project commencing with the earlier of the year in which Qualified Occupancy for such Building is achieved or (if the Partnership, with the express consent of the Limited Partner, makes a timely election pursuant to Code Section 42(f)(1)(B)) the year succeeding the year in which Placement in Service occurs. Subject to the foregoing, the General Partner shall develop and lease the Project so that the initial year during which such Tax Credit is claimed will be no later than the year specified in the Projections.

(v) **Annual Compliance Procedures.** As soon as feasible after Qualified Occupancy has occurred and annually thereafter, prior to the times such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

   (a) cause the Partnership’s Property Management Agent to submit to the Partnership the certifications and all other applicable materials related to low-income leasing described in Section 6.4.11 hereof;

   (b) check and verify the same against leases, certifications, and other appropriate back-up materials to the extent necessary or advisable to determine with reasonable assurance that the low-income leasing requirements have been met for Tax Credit purposes; and
(c) execute and deliver to the Limited Partner a certification, in form reasonably acceptable to the Limited Partner, stating that the General Partner has complied with the foregoing requirements and attaching copies of the managing agent’s certification and rent roll in a format reasonably acceptable to the Limited Partner.

The General Partner’s initial certification following Qualified Occupancy shall also specify the Qualified Occupancy Date.

(vi) **Cost Accounting.** As soon as feasible after Placement in Service has occurred, prior to the time such information is required by the State Housing Finance Agency for Tax Credit reporting purposes, the General Partner shall:

(a) cause the Accountant to submit to the General Partner a letter, as required by the State Housing Finance Agency and in a form and content reasonably acceptable to the Limited Partner, certifying that the Accountant has examined the Partnership’s books and records for the Project and, subject to any changes in facts or applicable law, is prepared to sign a tax return for the Partnership reflecting that all costs specified in the letter or in an attached schedule are includable in qualified basis for the Tax Credits; and

(b) execute and deliver to the Limited Partner a Cost Certification, in form and content reasonably acceptable to the Limited Partner, stating that the amounts described in the Accountant’s letter accurately reflect Project costs incurred and attaching a copy of such letter.

(vii) **Tax Filings.** The General Partner shall properly reflect all Tax Credits and other tax benefits in preparing and filing federal return of income forms on behalf of the Partnership in accordance with Section 8.4 hereof. Notwithstanding anything in this Partnership Agreement to the contrary, in no event shall the General Partner cause or suffer any delay in the filing of such form covering the year in which Qualified Occupancy occurred. The General Partner shall obtain and deliver to the Limited Partner at the earliest feasible time a fully executed Form 8609.

(viii) **Compliance Certifications.** The General Partner shall certify compliance with the elected set-aside requirement and report the dollar amount of Qualified Basis, maximum Applicable Percentage and Qualified Basis under the State Housing Finance Agency allocation, date of Placement in Service, and any other information required for the aforesaid Tax Credit within 90 days after the end of the first taxable year for which such Tax Credit is claimed and for each taxable year thereafter during the Compliance Period for such Tax Credit, or such other time periods as may hereafter be required by the Code or Regulations thereunder for such Tax Credit.
(ix) **Notice of Tax Benefits Reduction.** In the event at any time it becomes apparent to the General Partner that the tax benefits projected in the Projections are likely to be reduced, the General Partner shall promptly notify the Limited Partner of the circumstances.

(x) **Consequences of Tax Benefits Reduction or Delay.** In the event there is a reduction or delay of tax benefits, then the provisions of Section 6.9 hereof relating to reduction in the amount of remaining installments of Limited Partner’s Capital Contributions and other consequences described therein shall govern where applicable.

(xi) **Extended Use Agreement.** The General Partner, on behalf of the Partnership, shall enter into an Extended Use Agreement pursuant to Section 42(h)(6) of the Code, in the form of an agreement between the Partnership and the State Housing Finance Agency that has allocated or will allocate Tax Credits to the Project, and shall cause such agreement to be recorded pursuant to state law as a restrictive covenant as soon as feasible but in any event prior to the end of the tax year during which the Project is deemed to achieve Placement in Service under Section 42 of the Code.

(xii) **Local Code Compliance.** The General Partner shall maintain the Project in compliance with rules prescribed by the Secretary of Treasury pursuant to Section 42(i)(3)(B)(ii) of the Code. The General Partner shall also promptly provide the Limited Partner with any notice or other documentation sent by any federal, state or local governmental agency that the Project may be in violation of any health, environmental, safety, building, or other federal, state or local statute, regulation, or ordinance. With respect to building code or Environmental Law violations that are to be corrected during the construction or rehabilitation of the Project, the General Partner shall certify or shall cause the Architect or the project general contractor to certify upon completion of the Project that such building code and Environmental Law violations have been corrected. In lieu of a certification regarding the correction of building code violations, the General Partner may obtain or cause to be obtained a current owner’s title insurance policy indicating that no building code violations exist at the time construction or rehabilitation is completed.

(xiii) **Carryover Allocation Agreement.** The General Partner shall obtain from the State Housing Finance Agency and shall deliver to the Limited Partner within 10 days after receipt of each of the following:

(a) a Carryover Allocation Agreement and the Accountant’s Carryover Certification which states that the Partnership’s basis in the Project, as of the dated required under Section 42(h)(1)(E)(ii) of the Code, was greater than 10.00% of the Partnership’s reasonably expected basis in the Project as of the end of the second calendar year following the calendar year in which the Tax Credit allocation for the Project was awarded; or
(b) a reservation of Tax Credits, provided that:

1) the General Partner shall deliver or cause to be delivered to the Limited Partner the Accountant’s Carryover Certification 30 days prior to the date specified by the State Housing Finance Agency for the required Accountant’s Carryover Certification to be submitted to the State Housing Finance Agency; and

2) the General Partner shall deliver a copy of the Carryover Allocation Agreement to the Limited Partner and the Special Limited Partner within 30 days from the date that such Carryover Allocation Agreement is delivered to the Partnership.

(xiv) **Depreciation Schedule.** The General Partner shall take all acts and make any necessary filings or elections to cause the Project’s improvements to be depreciated for tax purposes in accordance with the Projections and shall not take any action or permit any event or circumstances to occur which would cause depreciation of the Project’s improvements to be changed therefrom. The General Partners shall cause to be kept adequate records of any such filings or elections and all other matters applicable to the Partnership’s depreciation of the Project’s improvements.

6.4.13 **Mold Inspections.** The General Partner agrees to inspect the Project Property at least once annually for the presence of any mold, fungus or moisture buildup in or on the Project Property. In the event any material amount of mold, fungus or moisture buildup is identified in or on the Project Property, the General Partner shall notify the Limited Partner within ten business days and shall consult with the Limited Partner regarding the need to hire an environmental consultant to evaluate the mold, fungus or moisture buildup and the need to prepare and implement a remediation plan.

**Section 6.5 Fees for Services Rendered.** The Partnership shall pay the following described fees to the Partners or Affiliates of one or more Partners indicated below:

6.5.1 **Development Fee.** As provided in the Development Agreement and Section 3.2 hereof, the Partnership shall pay the Development Fee to the Developer for the services and obligations described in the Development Agreement.

6.5.2 **Supplemental Development Fee.** As provided in the Development Agreement, the Partnership shall pay the Supplemental Development Fee to LifeNet Community Behavioral Healthcare pursuant to the terms of, and for the services and obligations described in, the Development Agreement.

6.5.3 **Asset Management Fee.** The Partnership shall pay the Asset Management Fee annually to the Asset Manager for property management oversight, tax credit compliance monitoring, and related services. The Asset Manager will not incur any liability to the General Partner or the Partnership as a result of the Asset Manager’s performance of or failure to perform its asset management services. The Asset Manager
owes no duty to the General Partner or the Partnership and may only be terminated by the Limited Partner.

6.5.4 **Disposition Fee.** The Partnership shall pay the Asset Manager a Disposition Fee equal to $25,000 at the time of closing of the sale of the Project (out of the net sales proceeds) or the Limited Partner’s interest in the Project.

6.5.5 **Incentive Partnership Management Fee.** The Partnership shall pay an Incentive Partnership Management Fee, on an annual, non-cumulative basis, in the amount and priority specified in Section 5.1.1 hereof to compensate the General Partner for monitoring the activities of the Partnership, supervising the Property Management Agent, and reporting to the Asset Manager so as to enable the Partnership to comply with all Code requirements for the Tax Credit and to establish eligibility for such Tax Credit with respect to the Project and avoid recapture thereof during the Compliance Period.

6.5.6 **Guaranty Procurement Fee.** The Partnership shall pay a Guaranty Procurement Fee, on an annual, non-cumulative basis, in the amount and priority specified in Section 5.1.1 hereof to compensate the Special Limited Partner for obtaining the Guarantor’s guarantees under the Guaranty Agreement and negotiating the terms of that agreement on the behalf of the Partnership.

6.5.7 **Other Considerations.**

(i) The Development Agreement and any other agreements entered into by the Partnership and the General Partner, the Special Limited Partner, or any of their Affiliates thereof will specifically provide that such agreement shall be terminable, with respect to each of them, at the election of the Limited Partner if the General Partner or Special Limited Partner is removed pursuant to Section 10.6 hereof (provided that such termination shall only be with respect to the Partner or its Affiliates that is removed, and not the other Partner) and that, from and after the delivery of notice of such removal pursuant to Section 12.1 hereof, the General Partner’s or Special Limited Partner’s obligation to make an additional Capital Contribution in accordance with Section 3.1.5 in the amount of the outstanding balance of the Deferred Development Fee and any accrued and unpaid interest thereon shall be accelerated, and the General Partner or Special Limited Partner, as applicable, shall be obligated to make such additional Capital Contribution within five business days after delivery of notice of removal; provided that the acceleration of such obligations shall only be with respect to the portion of the Deferred Development Fee owed to the Affiliated Developer of the Partner that is being removed. The Partnership shall use this Capital Contribution to pay the remaining balance of the Deferred Development Fee (or portion thereof to the Affiliated Developer of the removed Partner, as applicable) and any accrued and unpaid interest thereon, and if the General Partner or Special Limited Partner, as applicable, fails to pay this additional Capital Contribution in full within such five-business-day period, the Partnership shall receive a dollar credit for payment of the applicable portion of the Deferred Development Fee and accrued and unpaid interest thereon for each dollar by which the amount of the
additional Capital Contribution so paid by the General Partner or Special Limited Partner, as applicable, is less than the required payment amount. Once proceeds of the General Partner’s or Special Limited Partner’s additional Capital Contribution or any such credits, or both, have been so applied, the Partnership shall have no obligation to make any further payments to the General Partner or Special Limited Partner that is being removed, or any respective Affiliate thereof for fees that would otherwise be due and payable pursuant to such agreement, provided that the foregoing shall not affect the continued payment of fees to the Partner (and its Affiliates) that is not being removed.

(ii) None of the fee payments or reimbursements to any of the Persons indicated in Section 6.5 or elsewhere in this Partnership Agreement will be considered a distribution of Cash Flow to any Partner pursuant to Section 5.1.2, and, except as otherwise specifically provided herein, the General Partner may make any such reimbursement or fee payment prior to any distribution of any Cash Flow to the Partners.

Notwithstanding anything to the contrary herein, the sum of (a) the Incentive Partnership Management Fee, plus (b) any other incentive fees, plus (c) if the Property Management Agent is an Affiliate of the General Partner, the fee payable to the Property Management Agent pursuant to the Property Management Agreement, shall not exceed 12.00% of the gross income of the Partnership, adjusted for regional variations. Any amounts in excess of 12.00% of the gross income of the Partnership, shall be distributed to the General Partner and Special Limited Partner as a distribution rather than a fee.

Section 6.6 Outside Ventures of Partners. Any Limited Partner or Affiliate of the General Partner may engage in or possess an interest in any other business venture of any type or description, independently or with others (including, without limitation, any venture which may be competitive with the business being conducted by the Partnership) and neither the Partnership, nor any General Partner will, by virtue of this Partnership Agreement, have any right, title or interest in or to such outside ventures or the income or other benefits derived therefrom.

Section 6.7 Dealing With Affiliates. The General Partner may employ or retain in any capacity any Partner or Affiliate of any Partner so long as the terms upon which such Partner or such Affiliate is employed or retained are commercially reasonable under the circumstances and comparable to those terms which could be obtained from an independent person for comparable services in the area where the Project is located or the Partnership has its principal office.

Section 6.8 Indemnification of Partnership and Limited Partner.

6.8.1 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees or damages (including foreseen and unforeseen damages and
consequential damages) arising directly or indirectly out of the presence on, under, or about the Project Property of any Hazardous Substance, or the use, release, generation, manufacture, storage, or disposal of any Hazardous Substance on, under or about the Project Property.

**6.8.2** In the event the Partnership or the Limited Partner becomes liable, due to the presence of any Hazardous Substance in the Project, under any statute, regulation, ordinance, or other provision of federal, state, or local law pertaining to the protection of the environment or otherwise pertaining to public health or employee health and safety, including without limitation protection from hazardous waste, lead-based paint, asbestos, methane gas, urea formaldehyde insulation, oil, toxic substance, underground storage tanks, PCBs, and radon, the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner and the Partnership for any and all actual out of pocket costs, expenses (including reasonable attorneys’ fees), damages, or liabilities incurred by the Limited Partner upon demand by the Limited Partner at any time and from time to time, to the extent that the Partnership or the Limited Partner is required to discharge such costs, expenses, damages, or liabilities in whole or in part from any source. The foregoing indemnification obligations of the General Partner and Special Limited Partner shall be limited if and to the extent the Limited Partner participates in the control of the Partnership’s business after the formation of the Partnership and such participation is the direct cause of the conditions affecting the Project that resulted in such liability under applicable law and the consequent costs, expenses, damages, or liability of the Limited Partner. References in this Section 6.8.2 to the Limited Partner shall include each of the Limited Partner’s assignee(s) (and their respective partners, if any). The foregoing indemnification shall be a recourse obligation of the General Partner and the Special Limited Partner and shall survive the dissolution of the Partnership and/or the death, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the General Partner and Special Limited Partner. The indemnification authorized by this Section 6.8.2 shall include, but not be limited to, the costs and expenses (including reasonable attorneys’ fees) of the removal of any liens affecting any property of the indemnitee as a result of such legal action. The parties hereto agree and acknowledge that the Limited Partner’s exercise of the rights and approvals reserved to the Limited Partner under this Partnership Agreement shall not constitute participation in the control of the Partnership’s business for purposes of this paragraph.

**6.8.3** The General Partner shall defend, indemnify, and hold harmless the Partnership, the Limited Partner, the Special Limited Partner, and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees, arising directly or indirectly, in whole or in part, out of the General Partner’s gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the General Partner, or breach of any or all of the representations, warranties, covenants, and agreements contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof. In addition to the foregoing indemnification, the Partnership, Limited Partner, and/or the Special Limited Partner may pursue any other available legal or equitable remedy against the General Partner with respect to the General Partner’s breach
of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner’s deferral of the payment of its Capital Contribution pursuant to Section 3.2. The General Partner shall defend, indemnify and hold harmless the Limited Partner and the Special Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Special Limited Partner, and the Limited Partner, has made a determination that such liability is the result of actions taken by the Limited Partner or Special Limited Partner or rights exercised by the Limited Partner or Special Limited Partner with respect to the operation of the Limited Partner or Special Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The General Partner’s obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.4 The Special Limited Partner shall defend, indemnify, and hold harmless the Partnership, General Partner and Limited Partner and their successors and assigns from and against any claims, demands, losses, damages, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys’ fees, arising directly or indirectly, in whole or in part, out of the Special Limited Partner’s gross negligence, fraud, willful misconduct, malfeasance, breach of fiduciary duty or actions performed outside the scope of the authority of the Special Limited Partner, or breach of any or all of the representations, warranty, covenant, and agreements contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof. In addition to the foregoing indemnification, the Partnership, General Partner and/or the Limited Partner may pursue any other available legal or equitable remedy against the Special Limited Partner with respect to the Special Limited Partner’s breach of any of the representations, warranties, or covenants contained herein, including, without limitation, the Limited Partner’s deferral of the payment of its Capital Contribution pursuant to Section 3.2. The Special Limited Partner shall defend, indemnify and hold harmless the General Partner and Limited Partner for any liability incurred by it for Partnership obligations (including, without limitation, the Loan Documents), except to the extent that either (i) a court of competent jurisdiction, or (ii) a mediator mutually selected by the General Partner, Limited Partner and the Special Limited Partner, has made a determination that such liability is the result of actions taken by the General Partner or Limited Partner or rights exercised by the General Partner or Limited Partner with respect to the operation of the Limited Partner in excess of those actions and rights granted or allowed under this Partnership Agreement or the Act. The Special Limited Partner’s obligations described in this Section 6.8 shall survive the termination and/or liquidation of the Partnership.

6.8.5 Subject to the extent of any amount of insurance proceeds received by the Partnership in respect of any insurance policy insuring the acts of the General Partner in its role as a general partner, the General Partner shall not be liable, responsible or accountable in damages or otherwise to any to the Partners for any act or omission performed or omitted by it in its capacity as General Partner of the Partnership in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of authority granted to it by this Partnership Agreement and in the best interest
of the Partnership; provided, however, such insurance proceeds are applied towards and in satisfaction of any liability or obligations to the Partners for which the insurance proceeds were paid, and such acts or omission was not attributable to any negligence, willful breach, misconduct, fraud or any breach of fiduciary duty on the part of the General Partner.

6.8.6 The General Partner and the Special Limited Partner hereby agree to defend, indemnify, and hold harmless the Partnership and the Limited Partner and their successors and assigns, from and against any loss, claims, demands, liabilities, lawsuits and other proceedings, judgments, awards, costs, and expenses including, without limitation, attorneys' fees or damages (including foreseen and unforeseen damages and consequential damages) arising directly or indirectly out of the use of Foreign Drywall in the construction of the Project.

Section 6.9 Credit Adjusters.

6.9.1 Permanent Reduction in Tax Credits. If, as of the end of the first year of the Credit Period and based upon the Cost Certification prepared by the Accountant or the IRS Form(s) 8609 for the Project, it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be less than the Projected Tax Credits over the Credit Period (a "Permanent Credit Reduction"), then there will be a reduction (the "Permanent Credit Reduction Adjustment") in the Limited Partner's Capital Contribution in an amount equal to the product of (i) the Permanent Credit Reduction and (ii) $1.09. The Permanent Credit Reduction means the amount by which the Actual Tax Credits are or will be less than the Projected Tax Credits over the Credit Period due to (a) the actual Applicable Percentage being less than projected; (b) the actual Eligible Basis being less than projected; (c) the actual Qualified Basis as of the end of the first year of the Credit Period being less than the projected Qualified Basis; (d) the actual final allocation of Tax Credits as indicated on Form 8609 being less than the Projected Tax Credits; or (e) any combination of the above. This Permanent Credit Reduction Adjustment shall be made, at the option of the Limited Partner, by first decreasing the amount, if any, of the Limited Partner's Capital Contribution installment next due, and, if necessary, further installments (reducing the earliest ones first) by the amount of the Permanent Credit Reduction Adjustment. In the event that there are no remaining Limited Partner Capital Contributions, or the Permanent Credit Reduction Adjustment required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Permanent Credit Reduction Adjustment against the remaining Limited Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Permanent Credit Reduction Adjustment, followed by an immediate distribution in such amount by the Partnership to the Limited Partner, unless it is determined by the Limited Partner's tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment. In the event that any
Capital Contribution installments are reduced or General Partner and Special Limited Partner payments are required to be made under this Section 6.9(a), the Projections attached hereto as Appendix I will be correspondingly revised and will be considered amendments and determinative of the "Projected Tax Credits" and other amounts set forth herein if there is a conflict between any amounts set forth therein and in this Partnership Agreement.

6.9.2 **Timing Difference in Tax Credits (Downward).** If, for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, any portion of the Projected Tax Credits cannot be claimed (as determined by the Accountant) by the Limited Partner during such Projected First Tax Credit Year and the Projected Second Tax Credit Year, but must be delayed and taken in a later year or years of the Compliance Period, then the Limited Partner shall be entitled to reduce its Capital Contribution by an amount equal to $.60 times the amount by which the Projected Tax Credits for the Projected First Tax Credit Year and the Projected Second Tax Credit Year, respectively, exceed the Actual Tax Credits for such years (the "Timing Reduction"). This Timing Reduction is intended to compensate the Limited Partner for the reduced present value of such delayed Tax Credits, while taking into account the Tax Credits the Limited Partner may be entitled to receive no later than the 11th and 12th years of the Compliance Period. No adjustment shall be made under this Section 6.9.2 for any shortfall in Tax Credits for which an adjustment is already made pursuant to Section 6.9.1. In the event that there are no remaining Limited Partner Capital Contributions, or the Timing Reduction required hereunder exceeds the remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Timing Reduction against the remaining Limited Partner Capital Contribution installments, the General Partner and the Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount necessary for the Partnership to make the Timing Reduction, followed by an immediate distribution in such amount to the Limited Partner, unless it is determined by the Limited Partner's Tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner and the Special Limited Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Timing Reduction. In the event that a Timing Reduction is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.3 **Ongoing Tax Credit Shortfall.** If, for any Fiscal Year after the Projected First Tax Credit Year, for any reason whatsoever (1) the Actual Tax Credits are less than the Projected Tax Credits (as adjusted in any revised Projections prepared pursuant to Section 6.9.1 or Section 6.9.2) for such Fiscal Year or (2) a Limited Partner is required to recapture (resulting from other than a transfer of part or all of the Limited Partner’s Partnership Interest) any or all of the Tax Credits claimed by it in any prior Fiscal Year of the Partnership (the "Credit Shortfall"), then, at the option of the Limited Partner, the Limited Partner's Capital Contributions shall be reduced in chronological order in an amount (the "Credit Reduction Payment") equal to the sum of (i) $1.09 times the difference between (A) the Projected Tax Credits (as adjusted in any revised Projections prepared in connection with Section 6.9.1 or Section 6.9.2) for the Fiscal Year and all subsequent Fiscal Years, and (B) the Actual Tax Credits for such Fiscal Year.
and the Tax Credits projected by the Accountant as being available to the Limited Partner for all subsequent Fiscal Years, and (ii) the amount of the Tax Credits recaptured in such Fiscal Year, plus the amount of any interest or penalty payable by the Limited Partner as a result of the recapture. In the event there are no remaining Capital Contributions or the Credit Reduction Payment exceeds the amount of remaining Capital Contributions of the Limited Partner, or the Limited Partner elects not to offset the Credit Reduction Payment against the remaining Limited Partner Capital Contribution payments, the General Partner and Special Limited Partner shall immediately make a Capital Contribution to the Partnership in an amount equal to the Credit Reduction Payment or the unpaid portion thereof, and the Credit Reduction Payment shall be immediately distributed to the Limited Partner and shall neither constitute nor be limited by the distribution limits for Cash Flow, pursuant to Section 5.1 hereof, or for Net Cash from Sales and Refinancings, pursuant to Section 5.2 hereof, unless it is determined by the Limited Partner’s Tax counsel that such a distribution would cause the Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the General Partner shall pay directly to the Limited Partner an amount which, on an after-tax basis will be equal to the Credit Reduction Payment hereof. In the event that a Credit Shortfall is incurred, the Limited Partner shall revise its Projections accordingly.

6.9.4 Permanent Increase in Tax Credits. If it is determined that the amount of Actual Tax Credits over the Credit Period for the Project will be greater than the Projected Tax Credits over the Credit Period (such difference being defined herein as the “Permanent Credit Increase”) and the Asset Manager is provided with satisfactory written documentation to evidence the allocation of the Permanent Credit Increase, the Limited Partner will increase its Capital Contribution by an amount that is equal to the product of (i) the Permanent Credit Increase, and (ii) $1.09, subject to the limitations described in Section 6.9.6.

6.9.5 [Reserved].

6.9.6 Limitation on Upward Adjuster. Notwithstanding anything to the contrary contained herein, the Limited Partner will increase its Capital Contribution only once during the 90 day period following the later of (a) achievement of Stabilized Occupancy or (b) the allocating agency’s issuance of the Form 8609 for all Buildings. The Limited Partner will increase its Capital Contribution under Sections 6.9.4 and 6.9.5 only if the Limited Partner, in the exercise of its sole discretion, determines that it has sufficient funds to make the additional Capital Contribution. In no event shall the increase in the Limited Partner’s Capital Contribution pursuant to Sections 6.9.4 and 6.9.5 exceed, in the aggregate, 5.00% of the Limited Partner’s Capital Contribution as set forth in the Projections in effect on the date of this Partnership Agreement (i.e., no subsequent increases in the Limited Partner’s Capital Contribution shall be taken into account for purposes of calculating the 5.00% limitation).

6.9.7 Repurchase. Notwithstanding anything contained herein to the contrary, in the event that (i) any Building does not generate any Tax Credits during the taxable year succeeding the taxable year in which such Building is placed in service or
the Project Property does not generate any Tax Credits during calendar year 2018 for any reason whatsoever, (ii) Construction Completion and Placement in Service of all Buildings are not achieved, or in the reasonable judgment of the Limited Partner, based on all of the relevant facts and circumstances, will not be achieved on or before the Construction Completion Date (which in no event shall exceed the end of the second year after the year in which the Project receives a Tax Credit allocation pursuant to Section 42(h)(1)(E) of the Code or by the date required by any Lender or State Agency), (iii) the Partnership fails to comply with the minimum set-aside test and/or the rent restriction test (as described in Section 42(g) of the Code) before the end of the year in which the Building is placed in service or, at the election of the General Partner pursuant to Section 42(f)(i)(B) (which election shall be made in accordance with Section 6.4.12(iv) hereof), the end of the succeeding taxable year, (iv) Stabilized Occupancy does not occur within six (6) months of the Projected Stabilized Occupancy Date, (v) unless the Project is financed with tax-exempt bonds, the Partnership’s basis in the Project Property for federal income tax purposes, as finally determined by the Accountant or pursuant to an audit by the IRS, as of the date by which all required steps must be taken for the Project to receive a carryover allocation of Tax Credits, was not 10% of the Partnership’s reasonably expected basis in the Project Property, as required pursuant to Section 42(h)(1)(E) of the Code, (vi) proceedings have been commenced, filed or initiated to foreclose the Construction Loan mortgage or permanently enjoin construction or rehabilitation of the Project and such proceedings have not been stayed or vacated within thirty (30) days of commencement, filing or initiation, (vii) the General Partner fails to deliver to the Asset Manager a Form 8609 for each Building in the Project on or before the date by which the General Partner is required to deliver to the Asset Manager the Tax Return Documents for the first year of the Credit Period pursuant to Section 8.4.3, (viii) any one of the following occurs with regard to the Permanent Loan: (a) the Permanent Loan commitment has been terminated or substantially modified (unless the commitment is replaced with a commitment of equivalent terms as determined by the Limited Partner in its reasonable judgment), (b) any interest rate lock applicable to the Permanent Loan has expired and not been replaced within 30 days by a new rate lock acceptable to the Limited Partner or (c) the Permanent Loan has not been fully funded on or before the maturity date of the Construction Loan, (ix) upon the Partnership’s receipt of a Form 8609 for each Building in the Project, it is determined that the Project will deliver less than 80% of the aggregate Projected Tax Credits over the Credit Period to the Limited Partner, or (x) the General Partner fails to perform any obligation under its Development Completion Guaranty that is not fully performed within any applicable cure period contained in the Guaranty Agreement, if applicable, then, in the event any of the conditions described in clauses (i) through (ix) above occurs, upon the written notice of the Limited Partner, the General Partner and the Special Limited Partner shall purchase the Limited Partner’s entire interest in the Partnership for an amount equal to (a) the sum of (1) all Capital Contributions actually made to the Partnership by the Limited Partner, plus (2) $50,000, plus (3) all expenses incurred by the Limited Partner in connection with entering into the Partnership (not including any funds reimbursed), minus (b) an amount equal to the purchase price paid by the Limited Partner for any Tax Credits already received by the Limited Partner, net of any amounts that the Limited Partner has paid or will have to pay as the result of any recapture of any portion of the Tax Credits that the
Limited Partner has received, and (c) any amounts that have already been reimbursed to the Limited Partner by the Partnership and/or the General Partner and Special Limited Partner (the "Repurchase Amount"). Notwithstanding anything to the contrary in this Partnership Agreement, the Limited Partner may, in its sole discretion and at any time following any of the events described in this Section 6.9.7, after any applicable notice and cure period and regardless of whether the Repurchase Amount or any portion thereof has been received by the Limited Partner at such time, withdraw from the Partnership as the Limited Partner. Upon receipt of this amount, the Limited Partner's interest as a limited partner in the Partnership will terminate, the Limited Partner shall transfer its interest in the Partnership to the General Partner and Special Limited Partner or their designee(s), and the General Partner and Special Limited Partner shall indemnify and hold harmless the Limited Partner from and against any losses, damages, and liabilities to which the Limited Partner (as a result of its participation hereunder) may be subject.

6.9.8 Failure to Pay; Remedies. If the General Partner or Special Limited Partner fail to pay any amount payable pursuant to Section 6.9.1, 6.9.2 or 6.9.3 above, or the Repurchase Amount pursuant to the preceding section owing to the Limited Partner within ten days after written demand by the Limited Partner (with a copy to the Special Limited Partner), then, in addition to any other rights the Limited Partner may have, any sums payable to the General Partner or Special Limited Partner (or any Affiliate thereof) pursuant to the terms of this Partnership Agreement (including, without limitation, Cash Flow and any fees payable by the Partnership to the General Partner or Special Limited Partner or their Affiliates) will instead be paid to the Limited Partner until such time as all amounts owing to the Limited Partner pursuant to this Section 6.9 are fully repaid. For purposes of this Partnership Agreement, any sums distributed to the Limited Partner pursuant to the immediately preceding sentence are deemed to have been paid to the General Partner or Special Limited Partner (or their Affiliates) and subsequently loaned by the General Partner or Special Limited Partner to the Partnership, followed by a distribution to the Limited Partner from the Partnership of such loan proceeds in satisfaction of the General Partner's and Special Limited Partner's obligations hereunder, unless it is determined by Limited Partner's tax counsel that such a distribution would cause Partnership profits, losses, and credits to be allocated other than in accordance with the percentage interests of the Partners, in which event the amount payable to the Limited Partner in accordance with the preceding sentence shall be an amount that, on an after-tax basis, will be equal to the Permanent Credit Reduction Adjustment, Timing Reduction, Credit Reduction Payment or Repurchase Amount, as applicable, and such amount shall be deemed to have been paid directly by the General Partner and Special Limited Partner to the Limited Partner. Any such deemed loan by the General Partner or Special Limited Partner to the Partnership shall bear no interest and shall be reimbursable to the General Partner or Special Limited Partner out of Cash Flow in accordance with the priority set forth in Section 5.1.1 hereof, or out of the proceeds of refinancing or sale pursuant to Section 5.2.1 hereof. The rights and remedies granted to the Limited Partner by this Section 6.9 are not exclusive of, but are in addition to, any other rights and remedies granted to the Limited Partner under this Partnership Agreement or by applicable law. The obligations of the General Partner and Special Limited Partner under this Section 6.9 are deemed to have arisen as a consequence of a transaction between the General Partner, Special Limited Partner and the Limited Partner other than in their capacities as Partners.
and the Capital Accounts or loans of the Partners are not affected in any way as a result of the making of any credits or payments hereunder.

6.9.9 **Survival.** The obligations of the General Partner, Special Limited Partner, and their Affiliates prescribed or described in this Section 6.9 will survive the termination and/or liquidation of the Partnership.

6.9.10 **Joint and Several.** Notwithstanding anything to the contrary in this Section 6.9, the obligations of the General Partner and the Special Limited Partner shall be joint and several.

6.9.11 **Publicity and Promotional Events.** The General Partner shall be obligated to notify the Asset Manager at least 15 days in advance of any (i) groundbreaking, (ii) open house, (iii) public relations event or other similar activities related to the Project. Representatives of the Limited Partner (including any beneficial owners thereof), the Special Limited Partner, the Asset Manager, and any investors who have provided funds that have been invested in the Project by the Limited Partner (collectively, the “Publicity Parties”) shall be entitled to attend such events. The General Partner shall also be obligated to place the names of any entities that the Asset Manager might designate on any signage that is erected for publicity purposes during the construction of the Project. Any costs related thereto shall be paid by the Partnership. The General Partner shall notify the Asset Manager when any such signage is being prepared and provide the Asset Manager with a reasonable amount of time to provide the names it wants included on the signs. The General Partner acknowledges that it will benefit from any publicity generated by the Publicity Parties with respect to the Project. In consideration thereof, the Partnership hereby consents, grants, and releases to the Publicity Parties all rights related to the use of the Project, including, but not limited to, the use of the name of the Project, any photographs of the Project, and any written materials related to the Project, in any commercial, promotional or marketing materials such as press releases, publications, and publicity events that any of the Publicity Parties may wish to issue or conduct.

Section 6.10 **Co-General Partners.** If there is more than one General Partner, or if the General Partner is a joint venture or partnership in which there is more than one general partner, then all general partners of the partnership or of such joint venture of partnership shall be jointly and severally liable to the Partnership, to the Limited Partner, and to its successors and assigns for all obligations of the General Partner, and for any damages that may arise from the acts or omissions of any of such general partners in their performance or breach of the guaranties, management, and all other obligations and the representations and warranties of the General Partner, whether now existing or hereafter created, under this Partnership Agreement as the same may from time to time be amended and under applicable law. Notwithstanding anything to the contrary herein, no General Partner shall be liable to the Partnership or to the Limited Partner for the fraud of any other General Partner.

Section 6.11 **Representation of General Partner, Special Limited Partner and Limited Partner.** The General Partner, Special Limited Partner and Limited Partner acknowledge and represent that the State Housing Finance Agency (i) has neither underwritten
the Project nor (ii) certified that any of the buildings will actually meet the requirements necessary to qualify for the Tax Credit, (iii) the State Housing Finance Agency has not performed any independent investigation as to the qualification of the buildings in the Project for the Tax Credit and will not perform such investigation or otherwise monitor the buildings or eligibility for the Tax Credit in the future except as required by law, (iv) the State Housing Finance Agency makes no representation concerning the applicability of the Tax Credit to the buildings in the Project or the ability of any owner or investor in the Project to utilize such Tax Credit, (v) the State Housing Finance Agency has not performed any review nor makes any representations of the commercial viability of the Project, (vi) the Partnership is not the agent of the State Housing Finance Agency and has no authority to act on behalf of, or bind the State Housing Finance Agency, including its officers, employees and representatives, (vii) the State Housing Finance Agency bears no liability to any owner, investor, tenant, lender, or any other person or entity for any claim arising out of the Project or the Tax Credit program, and (viii) the Partnership has consulted with its tax counsel to determine whether the Project qualifies for Tax Credits; whether the General Partner, Special Limited Partner and Limited Partner may utilize the Tax Credit, if any; and the commercial viability of the Project.
ARTICLE 7: POWERS, RIGHTS AND DUTIES OF LIMITED PARTNER

Section 7.1 Limitation of Liability. Except as otherwise required under the Act (relating to a limited partner’s liability under certain circumstances to refund to the Partnership distributions of cash previously made to it as a return of capital), the Limited Partner and the Special Limited Partner shall not be personally liable for any loss or liability of the Partnership beyond the amount of such limited partner’s agreed-upon Capital Contribution.

Section 7.2 No Participation in Management. Except as otherwise expressly provided in this Partnership Agreement, neither the Limited Partner nor the Special Limited Partner shall participate in the operation, management, or control of the Partnership’s business, transact any business in the Partnership’s name, or have any power to sign documents for or otherwise bind the Partnership.
ARTICLE 8: ACCOUNTING AND FISCAL AFFAIRS

Section 8.1 Books of Account. The General Partner shall keep proper books of account for the Partnership. Such books of account shall be kept at the principal office of the Partnership and the General Partner shall make them available during normal business hours for examination and copying by the Limited Partner or its authorized representatives. The General Partner shall retain such books of account for six (6) years after the termination of the Partnership. The fiscal year of the Partnership shall be the calendar year, unless otherwise specified in writing by the Limited Partner, and all Partnership accounts shall be maintained on an accrual basis. Decisions as to other accounting methods to be used by the Partnership shall be made only with the prior written consent of the Limited Partner.

The General Partner shall retain all documentation with respect to initial qualification of the Project as a qualified Tax Credit project until the later of six (6) years after completion of the Project’s Compliance Period or any longer period required under applicable law. The General Partner shall retain such other documentation relating to the continuing Tax Credit qualification of the Project for at least six (6) years, unless requested by the Asset Manager or required by applicable law to retain such documentation for a longer period.

The General Partner shall cooperate fully and in good faith, and shall instruct and cause the Property Management Agent to cooperate fully and in good faith, with the Asset Manager, the Special Limited Partner, and the Limited Partner with respect to their monitoring of the Partnership’s operation of the Project Property, including the review of and compliance with Tax Credit related laws and regulations.

Section 8.2 Management Reports. The General Partner shall deliver or cause to be furnished to the Asset Manager any periodic financial or performance report provided by the Partnership to any federal, state, or local governmental agency or to any Lender or any compliance monitoring report provided to the Partnership by the State Housing Finance Agency responsible for compliance monitoring or its designee. The General Partner shall deliver any such report to the Asset Manager within twenty (20) days (unless otherwise stated below) after such report is filed with any such governmental agency, a Lender or provided to the Partnership.

The General Partner shall also prepare and deliver to or shall cause to be prepared and delivered to the Asset Manager and the Special Limited Partner the following reports:

8.2.1 Monthly Development Reports. During the Project development period and through completion of lease-up of the Project, within ten days after the end of each month, the General Partner shall provide a monthly status report on the development of the Project, containing information on development costs, completion schedule, projected occupancy, operating income and expenses, accounts payable, and any difficulties encountered or anticipated in conjunction with any of these matters. The General Partner shall also submit, such additional documentation or supporting documentation as the Limited Partner or the Special Limited Partner may reasonably request.
8.2.2 **Quarterly Management Reports.** Before and after lease-up of the Project, as soon as practicable after the end of each calendar quarter but in no event later than 15 days thereafter, the General Partner shall provide a management report on the Project and any other Partnership affairs, containing such information as is reasonably necessary to advise the Asset Manager about its investment in the Partnership and the development or operation of the Project (including, to the extent now or hereafter requested by the Asset Manager, a rent roll containing tenant names and addresses, monthly rent, security deposit, lease renewal date; an income and expense statement with budget comparison and a balance sheet). The General Partner shall also submit such additional documentation or supporting documentation as the Asset Manager or the Special Limited Partner may request.

8.2.3 **Annual Budget.** Annually, no later than October 15th of each calendar year, throughout the term of the Partnership, the General Partner and Special Limited Partner shall prepare and submit, for approval by the Asset Manager, a proposed operating budget for the Project that provides budget projections based upon anticipated Project revenues and expenses, beginning with the first full calendar year after the year of Placement in Service, and for each succeeding year thereafter. The proposed budgets shall include without limitation an itemized account of projected operating income, expenses, an analysis prepared by the General Partner and Special Limited Partner in a form satisfactory to the Asset Manager of reserve sufficiency for the period covered by the budget, and a copy of the most recent rent roll for the Project.

(i) The Asset Manager shall review and approve or disapprove the proposed budget based on the financial statements for preceding operating years, the anticipated increases in operating expenses, the current and projected operating income, and the completeness of the documentation provided by the General Partner and Special Limited Partner.

(ii) The Asset Manager shall submit to the General Partner and Special Limited Partner, in writing, any comments on the proposed budget within 30 days after receipt of same. If the Asset Manager does not submit comments on the proposed budget within said 30 day period, the proposed budget shall be deemed to be approved by the Asset Manager.

(iii) The General Partner and Special Limited Partner shall have 15 days to submit a response, in writing, to the Asset Manager’s comments on the proposed budget. If the Asset Manager does not respond in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the proposed budget shall be deemed approved by the Asset Manager.

(iv) If the Asset Manager responds in writing to the General Partner’s and Special Limited Partner’s comments within 15 days after receipt of same, the General Partner and Special Limited Partner shall submit a revised proposed budget within 15 days after receipt of the Asset Manager’s comments, responding to same.
8.2.4 **Annual Real Property Tax-Exemption.** To the extent the Partnership is expected to receive, on an annual basis, a fifty percent (50%) partial exemption from real property taxes in respect of the Project, the General Partner shall, no later than the applicable due date of each calendar year throughout the term of the Compliance Period, prepare and submit to the appropriate agency or authority and the Asset Manager, such documents as may be required to permit the Partnership to receive the partial exemption from real property taxes. The Partnership will reimburse the General Partner for any reasonable costs associated with such compliance, including but not limited to the cost of financial audit with respect to the General Partner.

8.2.5 **Evidence of Insurance.** The General Partner shall deliver to the Limited Partner, at least 30 days prior to the date such insurance policy expires, a certificate of insurance for each insurance coverage required by the Limited Partner as evidence of its renewal.

8.2.6 **Other Information.** Upon request from time to time, the General Partner and Special Limited Partner shall provide such information and reports as may be reasonably requested by the Limited Partner with respect to the Partnership and the Project.

8.2.7 **Annual Certification of Compliance.** The General Partner and the Special Limited Partner shall deliver to the Asset Manager, within five days after submission, a copy of the Project’s annual certification of compliance that was submitted to the State Housing Finance Agency.

Section 8.3 **General Disclosure.**

8.3.1 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events or receipt of the following information as promptly as possible but no later than five days after the occurrence of such event or receipt of such information:

(i) a material default by the Partnership under any loan, grant, subsidy, construction or property management documents or in payment of any mortgage, taxes, interest, or other obligation on secured or unsecured debt;

(ii) receipt by the General Partner of any information regarding any lawsuits to which the Partnership has been made a party, any claims against the Project’s hazard or liability insurance, any tax liens filed against the Project or the Partnership, or any notices of violations pertaining to the Project or the Partnership;

(iii) receipt of any notice, including any Form 8823, Report of Noncompliance or Building Disposition from the State Housing Finance Agency with respect to the Partnership or the Project, together with a copy of any such notice;
(iv) receipt of any notice of any IRS or State Housing Finance Agency audit or proceeding involving the Partnership, together with a copy of any such notice; and

(v) the occurrence of any natural disaster or incident of widespread property damage having an impact on the Project, containing the following information to the extent available: (a) the extent of the damage to the Project, (b) any expected delays in construction or rehabilitation, (c) the effect that the damage sustained, if any, may have on marketing and lease-up activity, and (d) the amount that is anticipated to be recoverable under available insurance policies.

8.3.2 The General Partner shall deliver to the Asset Manager and the Special Limited Partner a detailed report of any of the following events with ten days after the end of any calendar quarter during which such event occurred:

(i) any reserve has been reduced or terminated by application of funds therein for purposes materially different from those for which such reserve was established; or

(ii) any General Partner has received any notice of a material fact which may substantially affect further distributions.

Section 8.4 Tax Information.

8.4.1 Tax Credit Eligible Basis. Within forty-five (45) days after substantial completion of the Project’s construction, a Tax Credit Eligible Basis worksheet for each Building of the Project shall be provided to the Asset Manager by the General Partner, in a form specified by the Asset Manager.

8.4.2 Financial Reports.

(i) The General Partner shall, within 15 days after each calendar quarter, submit or cause to be submitted to the Asset Manager unaudited financial statements, prepared in accordance with GAAP, for the Partnership. With respect to each taxable year of the Partnership, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner (a) on or before February 15 of the following calendar year, a draft of the audited financial statements prepared by the Accountant in accordance with GAAP for review and comment by the Asset Manager, and (b) on or before February 28 of the following calendar year (the “Submission Date”), a written report prepared by the Accountant, which shall include a Schedule K-1 or its successor form for preparing federal income tax returns and audited financial statements, prepared in accordance with GAAP, certified by the Accountant, and reflecting the comments received from the Asset Manager to the draft documents (the “Report”). The Report’s audited financial statement shall include the following: a balance sheet of the Partnership as at the end of such year; an itemized statement of income, expenses, surplus and deficits; a financial summary which reconciles and summarizes the financial statements and bank statements as of the end of such
year; changes in fund balances and changes in financial position for such year; supporting schedules; a statement of Partners’ capital; the status, amount, and timing of the Projected Tax Credits and other tax benefits from the Project as compared with the Projections; and such additional statements with respect to the status of the Partnership and the distribution of profits and losses therefrom as are considered necessary by the General Partner or the Accountant to advise all Partners properly about their investment in the Partnership for federal income tax reporting purposes. If the General Partner fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date, the General Partner shall be assessed a penalty of $100 per day pursuant to Section 8.6 below. Without limiting the right of the Limited Partner under Section 8.6.3 below, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if the Accountant fails to submit the Report to the Asset Manager and the Special Limited Partner by the Submission Date.

(ii) In addition to the requirements set forth in Section 8.4.2(i) above, the General Partner shall submit or cause to be submitted to the Asset Manager and the Special Limited Partner, (a) on or before December 31st of the year the Project achieves Placement in Service, an “interim” audited financial statement, prepared in accordance with GAAP, which shall reflect the financial status of the Project as of September 30th of that year, and (b) at any time after the first calendar quarter of each year within 30 days after notice from the Asset Manager, (1) unaudited or, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, of the General Partner for the prior calendar year, (2) tax returns of the General Partner and Guarantor for the preceding calendar year and (3) such other financial information documenting the current financial condition of the General Partner and Guarantor as the Asset Manager may reasonably require.

(iii) At the request of the Asset Manager, the General Partner shall submit or cause to be submitted to the Asset Manager within (a) 15 days after each calendar quarter, unaudited financial statements, prepared in accordance with GAAP, for the Guarantor(s); and (b) forty-five (45) days after each calendar year, unaudited financial statements or, in the event that such unaudited financial statements are incomplete for the purposes of the Asset Manager prior to the end of the Operating Deficit Guaranty Period, at the election of the Asset Manager, audited financial statements, prepared in accordance with GAAP, for the Guarantor(s), until such time as all of the “General Partner Obligations” or “Guaranteed Obligations” (as such terms are defined in the Guaranty Agreement) have been fully performed or paid.

8.4.3 Tax Returns. With respect to each taxable year of the Partnership, the General Partner shall (i) deliver to the Asset Manager and the Special Limited Partner, for review and approval, within 30 days after each taxable year ends, drafts of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules, materials required in
connection therewith (the “Tax Return Documents”), and (ii) cause to be prepared and filed with the appropriate agencies within 60 days after each taxable year ends, the Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Within such 60 day period, the General Partner shall deliver a copy of the filed Tax Return Documents to the Asset Manager. In addition, the General Partner shall comply with all requirements of Section 6.3.2 hereof with respect to anticipated Tax Credits and other tax benefits and shall deliver to the Asset Manager a copy of the Section 168 Tax Return concurrently with the filling of the original with the IRS.

8.4.4 **Tax Returns Due to Termination.** If, pursuant to Section 9.1 below, there are subsequent transfers of Limited Partner’s beneficial interests or partnership interests which cause a termination of the Partnership pursuant to Section 708(b) of the Code (“Termination”), the General Partner shall (i) deliver to the Asset Manager, for its review and approval, within 30 days after receipt of written notice from the Limited Partner of such Termination, a draft of Form 1065 and Schedule K-1 or any successor federal return of income forms required to be filed on behalf of the Partnership, and any and all other forms, schedules or materials required in connection therewith (the “Termination Tax Return Documents”), and (ii) cause to be prepared and filed with the appropriate agencies within the time period prescribed under the Code, the Termination Tax Return Documents, which shall be revised or amended to include any comments made by the Asset Manager. Any costs associated with the General Partner’s satisfaction of this Section 8.4.4 shall be paid in accordance with Section 9.1 below.

8.4.5 **Estimated Tax Credits.** Prior to October 15th of each year, the General Partner shall send to the Asset Manager and the Special Limited Partner an estimate of the Limited Partner’s and the Special Limited Partner’s share of Tax Credits by each Building of the Project, estimate of total Tax Credits, and estimates of Profits and Losses for federal income tax purposes in a form specified by the Limited Partners. The General Partner and the Accountant shall prepare this estimate.

Section 8.5 **Review of Compliance.**

8.5.1 The General Partner shall, seventy-five (75) days after the end of each Fiscal Year of the Partnership, certify to the Asset Manager and the Special Limited Partner in the same scope and manner that it is required to certify, if requested, to the applicable State Housing Finance Agency, that the Partnership is in compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. Upon initial lease-up of the Project and thereafter no more frequently than annually, the Limited Partner may, at the Partnership’s expense, conduct or cause to be conducted an audit or review (which may include an on-site inspection of the Project) of the Partnership’s compliance with all regulations and procedures relating to the operation of the Project as a qualified Tax Credit project within the meaning of Section 42(h) of the Code. This audit or review will be conducted not less than 30 nor more than 90 days following a written request by the Limited Partner for such audit or review. The General Partner shall cooperate with any such audit by making appropriate personnel of the General Partner and the Property
Management Agent and all books and records (including, without limitation, copies of initial tenant files, any IRS Forms 8823 issued to the Partnership, and other applicable related documents and reports) of the Project and Partnership available to the Limited Partner or its representatives at the offices of the Partnership during regular business hours.

8.5.2 The General Partner shall, within 30 days following achievement of Qualified Occupancy, deliver to the Asset Manager one or more discs containing scanned copies of the First Year Tenant Files.

8.5.3 The General Partner shall provide access to the Project at all reasonable times and upon reasonable advance notice and shall extend full cooperation to the Asset Manager or the Special Limited Partner in connection with such physical inspections of the Project and any records as the Asset Manager or the Special Limited Partner may wish to conduct in order to monitor the General Partner's performance of its obligations under this Partnership Agreement.

Section 8.6 Failure to Provide Information.

8.6.1 Failure by the General Partner to provide the reports required under this Article 8 will result in the assessment of a $100 per day penalty, due and payable to the Limited Partner, until the reports are received in a form that is acceptable to the Limited Partner. This penalty will not be applicable if (i) waived by the Limited Partner, or (ii) the required information is received within seven (7) business days of receipt of a written notice of demand from the Limited Partner.

8.6.2 If the General Partner fails to provide in a timely manner any information, report or data required to be provided by the General Partner under this Article 8, or otherwise fails to perform its obligations under this Article 8, then, in addition to any other remedies the Limited Partner may have under this Partnership Agreement or applicable law, the Partnership shall not make any distributions or payments to the General Partner pursuant to Section 5.1 or Section 5.2 hereof until such time as such information, report, or data have been provided or such other obligations have been fulfilled.

8.6.3 Regardless of whether the penalties are paid or waived, the Limited Partner shall have the right to require the General Partner to remove the Accountant and the right to approve or identify a replacement accountant if any of the above applicable reporting requirements are not met. The failure on the part of the General Partner to remove the Accountant and replace it with an accounting firm that is acceptable to the Limited Partner within 30 days of a written request to do so from the Limited Partner shall be an Event of Default under Section 10.6.1 hereof.

8.6.4 If the General Partner causes or suffers repeated or unreasonable delay in providing any reports or information required to be submitted to the Limited Partner and the Special Limited Partner under Article 8, and fails to provide such report or information within ten business days after receiving notice of such delay from the
Limited Partner or the Special Limited Partner, such delay shall constitute an Event of Default under Section 10.6.1 hereof.
ARTICLE 9: TRANSFER OF LIMITED PARTNER'S PARTNERSHIP INTERESTS

Section 9.1 Voluntary Transfers. A Limited Partner may at any time make a Voluntary Transfer of all or any part of its Partnership Interest, so long as such Voluntary Transfer complies with the following conditions: (i) the General Partner has received a written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the transferor Limited Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of and agreement to be bound by all of the terms and conditions of this Partnership Agreement; (ii) all requirements of applicable state and federal securities laws, if any, have been complied with; (iii) such Voluntary Transfer will not result in the Partnership’s loss of any exemption (federal or state) from the registration of the sale of securities relied upon in its offering of the Partnership Interest; (iv) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; and (v) the General Partner has received evidence of any applicable consents required for such transfer. Upon compliance with all of the conditions of this Section 9.1, such Voluntary Transfer of a Limited Partner’s Partnership Interest binds the Partnership and the General Partner. No such transfer may cause the dissolution and termination (other than tax termination) of the Partnership and the transferee shall automatically be deemed to be an Assignee with respect to such Partnership Interest. If any transfer of a Limited Partner’s Partnership Interest, including the transfer of beneficial interests, results in a tax termination of the Partnership, the Limited Partner shall be responsible for the cost of preparing and filing any additional tax returns.

9.1.1 The Limited Partner intends to either (i) hold only bare legal title to its Partnership Interest and will ultimately transfer beneficial interests in its Partnership Interest to one or more Persons, or (ii) ultimately transfer its Partnership Interest to an investment fund managed by an Affiliate of the Limited Partner, and in either case, the Limited Partner or such Persons or investment fund may also transfer such beneficial interests or Partnership Interest, or, as security for debt, assign or pledge all or portions of such Partnership Interest. Notwithstanding the provisions of Section 9.1, the General Partner hereby acknowledges and consents to any such transfers, assignments or pledges, and agrees that, upon any such transfer or any foreclosure or other enforcement under any such assignment or pledge, it will recognize the assignee of the (a) beneficial interests as the owner of such beneficial interests in the Partnership Interest, or (b) Partnership Interest as the Substituted Limited Partner.

9.1.2 The Limited Partner or its transferee shall reimburse the Partnership for any reasonable costs actually incurred by the Partnership as a result of a transfer pursuant to this Section 9.1.

Section 9.2 General Partner’s Consent to Substitution as a Limited Partner.

9.2.1 In addition to the requirements set forth in Section 9.1, an Assignee of a Limited Partner’s Partnership Interest in connection with a Voluntary Transfer, other than an assignee of a beneficial interest, will not become a Substituted Limited Partner, unless and until the General Partner consents in writing to such substitution, which consent may not be unreasonably withheld and is hereby granted for the transfers, assignments and
pledges described in Section 9.1.1; provided that no such consent shall be required for the
(i) substitution of an Assignee that is an Affiliate of the Limited Partner, or (ii) any
transfer by the Limited Partner of its Partnership Interest after its Capital Contributions
have been paid in full. The General Partner shall duly file for record any required
amendment to the Certificate of Formation reflecting such substitution in such public
offices as shall be required under the Act. The effective date of the substitution of the
Assignee as a Substituted Limited Partner shall be the date on which the General Partner
provides its consent if required or the date of the assignment to such Affiliated Assignee,
as the case may be.

9.2.2 If the General Partner’s consent is required but the General Partner does
not consent to the substitution of an Assignee of a Limited Partner’s Partnership Interest
in connection with a Voluntary Transfer, then the transferor Limited Partner retains all
the rights of a transferor of a limited partnership interest under the Act and, except as
otherwise provided in Section 9.4, the Assignee shall not be treated as owning any
interest in the Partnership. In particular, an Assignee of a Limited Partner’s Partnership
Interest in connection with a Voluntary Transfer, other than an assignee of a beneficial
interest, who is not admitted as a Substituted Limited Partner under this Section 9.2 shall
not be entitled to: (i) require any accounting of the Partnership’s transactions; (ii) inspect
the Partnership’s books and records; (iii) require any information from the Partnership; or
(iv) exercise any privilege or right of a Limited Partner that is not specifically granted to
a nonsubstituted transferee of a limited partnership interest under the Act.

Section 9.3 Involuntary Transfers. The Involuntary Transfer of all or any part of
any Limited Partner’s Partnership Interest will not cause the dissolution and termination of the
Partnership, but rather the business of the Partnership is continued without interruption in
accordance with the provisions of this Section 9.3. Upon an Involuntary Transfer of all or any
part of any Limited Partner’s Partnership Interest, such Limited Partner’s successor or legal
representative shall automatically be deemed to be a Substituted Limited Partner.

Section 9.4 Distributions and Allocations with Respect to Transferred
Partnership Interests. Upon any transfer (whether a Voluntary Transfer or Involuntary
Transfer recognized by the Partnership or other transfer) of the Limited Partner’s Partnership
Interest under this Article 9, all allocations of Profits and Losses attributable to the transferred
Partnership Interest shall be divided and allocated between the transferor and the transferee by
taking into account their varying interests during such fiscal period, using any convention or
method of allocation selected by the General Partner which is then permitted under Section 706
of the Code and the Regulations promulgated thereunder. All distributions of Cash Flow made
prior to the effective date of any such transfer shall be made to the transferor and any such
distributions made after the effective date of such transfer shall be made to the transferee.

Section 9.5 Disposition of Project. Subject to the restrictions and rights reserved in
the Extended Use Agreement or to the General Partner below and with the consent of the Special
Limited Partner, the General Partner may cause the sale of all or any portion of the assets or
business of the Partnership for their fair market value upon such terms as it shall determine in the
exercise of reasonable discretion and prudent business judgment. If causing the sale of all or any
portion of the assets or business of the Partnership, the General Partner will use best efforts to
cause the Project to be sold or exercise any right it may have hereunder to purchase the Limited Partner's Interest or the Project within a reasonable time after the expiration of the Compliance Period. After the payment of or provision for creditors, the net proceeds of sale shall in the discretion of the General Partner either in whole or in part be distributed among the Partners as provided in Section 5.2 or Section 11.2 hereof, as applicable, or in whole or in part be retained by the Partnership and utilized in the business of the Partnership. Any such sale shall cause the dissolution and liquidation of the Partnership only if required by the provisions of Article 11 hereof. Notwithstanding the foregoing, upon any sale of the Project (which term, as used in this Section 9.5, shall include any portion of the Project containing one or more rental units and any related assets or business of the Partnership), the net proceeds thereof shall be distributed in accordance with Section 5.2 or Section 11.2 hereof, as applicable. Except as specifically provided below, the General Partner (with the consent of the Special Limited Partner) shall not sell the Project without the prior written consent of the Limited Partner, and shall comply with the following requirements in any proposed sale or refinancing:

The General Partner may in its discretion begin advertising the Project for sale and entertaining third-party purchase offers at any time during the last 12 months of the Compliance Period and shall forward copies of all inquiries and purchase offers as and when received by it to the Limited Partner and the Special Limited Partner, but shall have no right or obligation to pursue any sale to a third party except as described further herein below. If the Purchase Option and Right of First Refusal described in Section 9.6 hereof is exercised and all conditions thereof are met in full to the satisfaction of the Limited Partner, then in lieu of any sale to an unrelated third party, the General Partner shall cause the Project to be sold as provided and within the time specified therein, after the expiration of the Compliance Period. However, if such Purchase Option and Right of First Refusal is not exercised or the Project is not sold as provided and within the time specified therein, the General Partner shall, commencing upon the expiration of the Purchase Option and Right of First Refusal promptly begin advertising the Project for sale and entertaining third-party purchase offers, as described above. Notwithstanding the foregoing, any disposition of the Project shall be conducted in accordance with the Extended Use Agreement and the rules of the State Housing Finance Agency.

Section 9.6 Purchase Option and Right of First Refusal. The provisions of Section 9.5 hereof shall be subject to that certain Purchase Option and Right of First Refusal Agreement between the Partnership, as grantor, and Sponsor, as grantee, dated on or about the date hereof, pursuant to which the Partnership has granted to the Special Limited Partner and Sponsor an option to purchase the Project or the Limited Partner's Partnership Interest and a right of first refusal to purchase the Project, on the terms and conditions set forth therein, provided that the General Partner and the Special Limited Partner, as applicable, remain in good standing without the occurrence of any event described in Section 10.6 hereof, in the form attached hereto as Exhibit A, and the Special Limited Partner has consented to the proposed purchase.

Section 9.7 Warehouse Lender. Notwithstanding the foregoing provisions of this Article or any other provision of this Partnership Agreement:

9.7.1 The General Partner acknowledges and consents to (i) the Limited Partner's pledge and collateral assignment of its Partnership Interest (the "LP Pledge") to the Warehouse Lender;
9.7.2 The Warehouse Lender shall have the rights of a secured party to retain, sell or transfer the Partnership Interest so pledged in accordance with the LP Pledge, including, without limitation, the right to transfer or assign its rights hereunder and under the LP Pledge without the consent of the Partnership, any Partner or any other Person, subject only to Section 9.7.6;

9.7.3 Upon the enforcement of the LP Pledge and the foreclosure upon the Partnership Interest pledged thereunder, the Warehouse Lender (or its nominee or transferee) shall be immediately, automatically and unconditionally admitted as a Substituted Limited Partner, subject only to Section 9.7.6;

9.7.4 Neither the Partnership nor any Partner shall cause the Partnership Interest to be or become, a “security”, “investment property” or held in a “securities account” (within the meaning of Articles 8 and 9 of the Uniform Commercial Code of the State (the “UCC”)) and the Partnership Interest will be, and will remain, “general intangibles” within the meaning of Article 9 of the UCC, and any action by the Partnership or any Partner to cause any of the Partnership Interest to be deemed to be or to be treated other than as general intangibles within the meanings of Article 9 of the UCC shall be void and of no effect;

9.7.5 The Partnership and the Partners agree (i) to notify the Warehouse Lender in writing at the applicable addresses provided in the definition of “Warehouse Lender” of any default by the Limited Partner of any of its obligations hereunder, (ii) to refrain from exercising any rights or remedies as a result of such default (whether hereunder or otherwise at law or in equity) until the Warehouse Lender has received such notice and has been given 60 days to cure such default, and (iii) that the Warehouse Lender can cure such default by paying only those portions of the Limited Partner’s Capital Contribution for which the conditions to payment set forth in Section 3.2 have then been satisfied;

9.7.6 The Warehouse Lender’s rights hereunder are subject to compliance with all HUD requirements regarding transfer of physical assets and submission and approval of a HUD Prior Participation Certificate, and/or obtaining the State Housing Finance Agency’s written consent if required; and

9.7.7 So long as the Limited Partner’s Partnership Interest continues to be “Pledged Collateral” under the LP Pledge, any amendment to (i) this section, (ii) any other provision herein which would materially affect the Warehouse Lender’s rights and priorities under the LP Pledge, or (iii) the identity of the Asset Manager, the Asset Management Fee, the Disposition Fee or any other fee payable to the Asset Manager, or the terms of payment thereof, shall require the prior written consent of the Warehouse Lender.

9.7.8 The Warehouse Lender is an intended third party beneficiary of this Section 9.7.
Section 9.8 Voluntary Withdrawal. Notwithstanding anything in this Article 9 to the contrary, the Limited Partner shall have the right to withdraw from the Partnership without the General Partner’s consent at any time after the Limited Partner has paid in full its Capital Contributions. The Limited Partner shall provide the General Partner with ten days’ prior written notice of the effective date of such withdrawal. At the Limited Partner’s request, the General Partner shall cooperate with the Limited Partner by taking such actions as the Limited Partner determines are necessary or advisable in order to effectuate such withdrawal.

Section 9.9 Put Right. Commencing on the expiration date of the Compliance Period, the Limited Partner shall have the right to require the General Partner to purchase the Limited Partner’s Partnership Interest (the “Put Right”) for a purchase price of $1,000.00 (the “Purchase Price”). The Put Right may be exercised by the Limited Partner by giving written notice to the General Partner at any time on or after the date that is 30 days prior to the expiration of the Compliance Period. In the event that the Limited Partner exercises its Put Right pursuant to this Section 9.9, the Purchase Price shall be paid to the Limited Partner in cash or immediately available funds, unless otherwise mutually agreed, at a closing to occur on the first business day following the date that is 30 days after the Limited Partner has given notice to the General Partner of the exercise of the Put Right. All costs of the purchase of the Limited Partner’s Partnership Interest shall be paid by the General Partner. Upon receipt of the Purchase Price, the Limited Partner shall transfer the Partnership Interest free and clear of any liens, charges, encumbrances or interests of any third party and shall execute or cause to be executed any documents required to fully transfer such Partnership Interest. As of the effective date of such closing, the Limited Partner shall have no further interest in the Partnership.
ARTICLE 10: TRANSFER OF GENERAL PARTNER’S PARTNERSHIP INTERESTS

Section 10.1 Voluntary Transfers.

10.1.1 The Partnership shall not recognize any Voluntary Transfer of a General Partner’s Partnership Interest and any such attempted Voluntary Transfer shall be invalid and ineffective as to the Partnership and the Limited Partner, unless and until: (i) the proposed transfer is of all the Partnership Interest owned by such General Partner; (ii) the Limited Partner and the Special Limited Partner have each received a copy of written instrument of transfer of all such Partnership Interest, which instrument shall be signed by the General Partner and the transferee and shall contain the name and address of the transferee and the transferee’s express acceptance of an agreement to be bound by all of the terms and conditions of this Partnership Agreement; (iii) the General Partner has paid or caused to be paid all costs related to such Voluntary Transfer, including, without limitation, the reimbursement of all legal fees and expenses incurred by the Partnership in connection with such transfer; (iv) such Voluntary Transfer will not result in the termination of the Partnership for federal income tax purposes; (v) such Voluntary Transfer will not result in the Partnership being classified as an “association” which is taxable as a corporation for federal income tax purposes; (vi) the Partnership receives an opinion of legal counsel to the effect of clause (v); (vii) such Voluntary Transfer will not result in the loss of the ad valorem tax exemption granted to the Project (i.e., the substitute general partner must qualify for the exemption); and (viii) the Limited Partner has consented in writing to such Voluntary Transfer, which consent may be withheld or given, in the sole discretion of the Limited Partner.

10.1.2 Upon compliance with this Section 10.1, such transfer of a General Partner’s Partnership Interest shall bind the Partnership and all the Limited Partners and no such Voluntary Transfer shall cause the termination of the Partnership. In addition, effective as of the date of full compliance with the requirements of this Section 10.1, the transferee of a General Partner’s Partnership Interest shall be admitted as a new General Partner of the Partnership and shall be vested with all the powers and obligations with respect to the management of the Partnership as are granted to and placed upon the transferor General Partner under this Partnership Agreement.

Section 10.2 Involuntary Transfers. An Involuntary Transfer of a General Partner’s Partnership Interest at such time as there is more than one General Partner shall not dissolve the Partnership, but rather the business of the Partnership shall be continued without interruption and all of the management powers and authority granted herein to the General Partner making such Involuntary Transfer shall automatically be placed upon the remaining General Partner(s), unless the Limited Partner otherwise elects within 30 days after the occurrence of such Involuntary Transfer to dissolve the Partnership and have the Partnership’s affairs and business wound up and terminated pursuant to Article 11. An Involuntary Transfer of a General Partner’s Partnership Interest when there is no other General Partner in existence shall dissolve the Partnership and the Partnership’s affairs and business shall be wound up and terminated under Article 11, unless the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner pursuant to the provisions of Section 10.3.
Section 10.3 Continuation of Partnership After Involuntary Transfer of General Partner’s Partnership Interests. Upon an Involuntary Transfer of the last remaining General Partner’s Partnership Interest, the Partnership will dissolve and the affairs and business of the Partnership will be wound up and terminated under Article 11, unless within 90 days after the occurrence of such Involuntary Transfer, the Limited Partner agrees in writing to the continuation of the business of the Partnership and the appointment of a new General Partner. Unless such an election is made within such 90-day period, the Partnership may conduct only those activities that are necessary to wind up and terminate its affairs and business. If such an election is made within such 90-day period, then: (a) the reconstituted partnership will continue until the end of the term of the Partnership’s existence set forth in this Partnership Agreement; and (b) immediately upon its receipt of cash in an amount equal to the greater of (1) $100 or (2) the then positive balance in its Capital Account, the former General Partner is automatically (and without the need for the execution of any further documentation) deemed to have relinquished its entire Partnership Interest, with such relinquished Partnership Interest being automatically allocated to the new General Partner.

Section 10.4 Distributions and Allocations with Respect to Transferred Partnership Interests. If any transfer (whether a Voluntary or Involuntary Transfer) of a General Partner’s Partnership Interest is recognized by the Partnership under this Article 10, then all allocations of Profits and Losses attributable to the transferred Partnership Interest are divided and allocated between the transferor and the transferee by taking into account their varying interests during such fiscal period, using any convention or method of allocation selected by the Limited Partner which is then permitted under Section 706 of the Code and the Regulations promulgated thereunder. Any distributions of Cash Flow made prior to the effective date of any such transfer are made to the transferor and any such distributions made after the effective date of such transfer shall be made to the transferee. Neither the Partnership nor the Limited Partner will incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.4.

Section 10.5 Voluntary Withdrawal. A General Partner may not voluntarily withdraw from the Partnership without the prior written consent of the Limited Partner.

Section 10.6 Removal of General Partner and/or Special Limited Partner. The Limited Partner may remove the General Partner and/or Special Limited Partner for any of the following Events of Default in this Section 10.6.1, as applicable; provided, however, either Partner may be removed only as to its own default (and those of its Affiliates) and not as to the default of the other Partner or that Partner’s Affiliates:

10.6.1 Events of Default:

(i) Any fraud, gross negligence, malfeasance or intentional misconduct of the General Partner or Special Limited Partner; or

(ii) Any act by the General Partner or Special Limited Partner outside the scope of its duties or obligations under this Partnership Agreement or any breach by the General Partner or Special Limited Partner of any fiduciary duty to the Partnership or the Limited Partner; or
(iii) The breach of any representation or warranty of the General Partner or Special Limited Partner contained in this Partnership Agreement, including, without limitation, those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(iv) The breach by the General Partner or Special Limited Partner of any covenant of the General Partner or Special Limited Partner contained in this Partnership Agreement, including without limitation those contained in Section 6.3 hereof that has a material adverse effect on the Partnership or the Project; or

(v) Any action or inaction by the Partnership, General Partner, Special Limited Partner, or any Affiliate of the General Partner or Special Limited Partner that does, or with the passage of time would, (a) cause the termination of the Partnership for federal income tax purposes (except to the extent such action is expressly authorized herein), (b) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation, (c) violate any applicable federal or state securities laws (as they relate to the Partnership or the Partnership Interest), (d) cause the Partnership to fail to qualify as a limited partnership under the Act, (e) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contribution, (f) qualify as an event of removal or withdrawal with respect to the General Partner or Special Limited Partner under the Act, or (g) otherwise substantially reduce tax benefits or substantially increase tax liabilities of the Limited Partner and otherwise is not cured by payments made pursuant to Section 6.9 hereof or consented to by the Limited Partner; or

(vi) Any construction cost overruns or Operating Deficits are incurred by the Partnership and such cost overruns and Operating Deficits are not funded by loans or other sources of funds on terms that do not materially adversely affect the Projections or financial viability of the Project or the Partnership; or

(vii) A material default occurs under the Construction Loan, Permanent Loan, Subordinate Cash Flow Loan, or any Project Documents and such default is not cured or waived by the Lender within 30 days after the occurrence of such default, or if such default takes more than 30 days to cure, the General Partner or Special Limited Partner has failed to commence diligent efforts to effect a cure within such 30 day period and diligently pursue such remedies until the default is fully cured (it being acknowledged and agreed that an Event of Default under this subsection (vii) exists independently of an Event of Default under subsection (ix) hereof and does not merge with subsection (ix) if a foreclosure or other creditor’s action is filed in connection with the Construction Loan, Permanent Loan or Subordinate Cash Flow Loan); or

(viii) The Project or the Partnership is substantially mismanaged and such mismanagement has a material adverse effect on the Partnership, the Project, or the Limited Partner; or
(ix) Any Lender to the Partnership or other creditor of the Partnership files a foreclosure or other creditor's action for exercise of control over the Project or the rents therefrom, or the filing of a bankruptcy petition or similar creditor's action by or against the Partnership and any such action is not dismissed within 30 days; or

(x) The Partnership fails to deliver 80% of Projected Tax Credits to the Limited Partner with respect to any calendar year; or

(xi) The General Partner fails to timely and promptly discharge the Property Management Agent if at any time cause (as such term is defined in Section 6.4.9(v) hereof) for such removal exists; or

(xii) The General Partner fails to remove the Accountant and replace it with an accountant that is approved by the Limited Partner in accordance with the requirements of Section 8.6.3 hereof; or

(xiii) Any payment required to be made to the Limited Partner or the Partnership by the General Partner or Special Limited Partner pursuant to Sections 6.4.6(i), 6.4.6(i)(a), and Section 6.9 is not timely made by or on behalf of the General Partner or Special Limited Partner or any guarantor of such obligation; or

(xiv) The occurrence of a breach of any obligation, representation, warranty or covenant of any of the Guarantors under the Guaranty Agreement; or

(xv) A General Partner or Special Limited Partner permits an owner thereof to transfer a controlling interest in such entity without the consent of the Limited Partner as required in Section 6.3.30 of this Partnership Agreement; or

(xvi) Repeated failure to provide in a timely manner any reports or information required to be submitted to the Limited Partner, the Special Limited Partner or the Asset Manager under Article 8, hereof; or

(xvii) The commencement by a General Partner, Special Limited Partner or a Guarantor of a proceeding in bankruptcy or insolvency seeking a compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or

(xviii) The failure of the General Partner or Special Limited Partner to obtain the dismissal of any case commenced against a General Partner or Special Limited Partner (i) for the appointment of a trustee for such General Partner or Special Limited Partner, or any of its property or (ii) in bankruptcy or insolvency or for compromise adjustment or other relief under the laws of the United States or any state relating to the relief of debtors; or
During the Compliance Period, the General Partner has operated the Project in a manner such as that 20% or more of the Tax Credit Units fail to qualify for the Tax Credits; or

The use by the General Partner of any funds in any of the reserves described in Section 6.4.7 above for purposes other than permitted therein.

10.6.2 Effectiveness. Prior to removing and replacing the General Partner or Special Limited Partner for an Event of Default, the Limited Partner shall give the General Partner or Special Limited Partner reasonable prior written notice setting forth in detail the Event of Default(s) providing the basis for such possible removal and a reasonable opportunity (as determined by the Limited Partner in its discretion) to cure such default(s); provided, however, that no opportunity to cure such default(s) shall be given where the extent or nature of the default is such that there is a likelihood of material loss, liability, or prejudice to the Partnership or the Limited Partner, or both, from any delay in removal and replacement. If the grounds for removal justify an immediate removal under the preceding sentence, such removal shall be effective upon the delivery of a notice thereof to the specified address in accordance with Section 12.1 hereof. Under all other circumstances, such removal shall be effective only after:

(i) failure by the General Partner or Special Limited Partner to cure the default(s) set forth in the notice of removal within the prescribed cure period,

(ii) a decision by the Limited Partner, in its sole and reasonable discretion, to remove the General Partner or Special Limited Partner, and

(iii) the Limited Partner provides the General Partner or Special Limited Partner with written notice of its removal as General Partner or Special Limited Partner, with a copy to the Special Limited Partner, which notice shall specify the date on which such removal shall become effective.

Notwithstanding such removal, the General Partner or Special Limited Partner, as applicable, shall remain liable to the Partnership and the Limited Partner for (i) all obligations and liabilities (including, without limitation, its obligations to make any payments pursuant to Sections 6.4.6(i), 6.4.6(ii), 6.4.6(iii), and Section 6.9 of this Partnership Agreement and liabilities resulting from any breach of any of the representations and warranties set forth in Section 6.3 of this Partnership Agreement) incurred by it as a General Partner or Special Limited Partner before the effective date of such removal but is free of any obligations and liabilities incurred on account of Partnership activities from and after the time of such removal and (ii) all damages and other amounts recoverable or payable hereunder or under applicable law by or to the Partnership or the Limited Partner or Special Limited Partner as a result of the occurrence of the event giving rise to such removal. From and after delivery of notice of such removal, except as otherwise expressly provided in Section 6.5.6, the Partnership shall have no obligation to make any further payments to the Partner or its Affiliates for fees that would otherwise be due and payable pursuant to this Partnership Agreement, any
other agreement entered into by the Partnership and the Partner or any Affiliate thereof, or in connection with the performance of the Partner’s obligations hereunder.

10.6.3 Waiver. Any forbearance by the Limited Partner in exercising any right or remedy under this Section 10.6 or any other provision in this Partnership Agreement or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any right or remedy. The enforcement by the Limited Partner of any right herein shall not constitute an election by the Limited Partner of remedies so as to preclude the exercise of any other right available to the Limited Partner.

Section 10.7 Nominee’s Enforcement Powers. If the Limited Partner holds bare legal title, as nominee, to its Partnership Interest and transfers the beneficial interests in the Limited Partner’s Partnership Interest to one or more Persons, the General Partner hereby acknowledges and agrees that the Limited Partner, in its capacity as nominee, shall be entitled to exercise all rights and remedies reserved to the Limited Partner under this Partnership Agreement, including without limitation, the right to bring any legal action to enforce the General Partner’s obligations hereunder.
ARTICLE 11: DISSOLUTION, WINDING UP AND TERMINATION

Section 11.1 Dissolution. The Partnership will dissolve upon the occurrence of any of the following events:

11.1.1 The expiration of the term of the Partnership’s existence;

11.1.2 The sale or other disposition of all or substantially all of the Partnership Property and the Partnership’s receipt of all or substantially all of the proceeds therefrom;

11.1.3 The Partners’ mutual election to dissolve the Partnership;

11.1.4 The failure of the Limited Partner to agree in writing at the time and in the manner provided in Section 10.3 hereof to the continuation of the business of the Partnership and the appointment of a new General Partner upon the occurrence of an Involuntary Transfer of the last remaining General Partner’s Partnership Interest or the removal of the General Partner; or

11.1.5 The Limited Partner’s election pursuant to Section 10.2 hereof to dissolve the Partnership upon the occurrence of an Involuntary Transfer of a General Partner’s Partnership Interest, notwithstanding the fact that one or more other General Partner is in existence at such time.

11.1.6 The Limited Partner’s withdrawal pursuant to Section 9.8 or exercise of its put right pursuant to Section 9.9, unless the General Partner admits one or more substitute limited partners to the Partnership within 90 days after the Limited Partner’s withdrawal or exercise of its put right.

Section 11.2 Winding Up and Termination. Upon the dissolution of the Partnership, the affairs and business of the Partnership will be wound up and terminated, the Partnership’s liabilities discharged and the Partnership Property liquidated and distributed in the manner hereinafter described. A reasonable time will be allowed for the orderly winding up of the affairs and business of the Partnership so as to enable the Partnership to minimize the normal losses attendant to the winding up and termination period. The winding up and termination of the affairs and business of the Partnership shall be supervised and conducted by the Liquidation Manager. The Liquidation Manager has the exclusive power and authority to act on behalf of the Partnership to wind up and terminate the affairs and business of the Partnership, to sell and convey the Partnership Property to such Persons (including, without limitation, any Partner or any Affiliate thereof) for such consideration and upon such terms and conditions as it deems necessary or appropriate, to discharge the Partnership’s liabilities, to establish any reserves that it deems necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership, and to distribute the liquidation proceeds in the manner hereinafter described.

Upon completion of the winding up of the affairs and business of the Partnership, the liquidation proceeds will be distributed by the Liquidation Manager in the following manner and order of priority:
11.2.1 First, such liquidation proceeds will be applied to the payment of debts and liabilities of the Partnership (excluding any loans the General Partner or its Affiliates made pursuant to Section 6.4.6(i), 6.4.6(ii), and/or 6.4.6(iii) hereof and the Guaranty Agreement and any unpaid Development Fee) and the payment of expenses of the winding up of the affairs and business of the Partnership;

11.2.2 Second, such liquidation proceeds will be applied to the setting up of any reserves (to be held by the Liquidation Manager in an interest-bearing account) which the Liquidation Manager may deem necessary or appropriate for any contingent or unforeseen liabilities or obligations of the Partnership; provided, however, that at the expiration of such time as the Liquidation Manager deems necessary or appropriate, the balance of such reserves remaining after payment of such liabilities or obligations will be distributed by the Liquidation Manager in the manner hereinafter set forth in this Section 11.2; and

11.2.3 Third, such liquidation proceeds will be paid to satisfy debts and liabilities owed to Partners and their Affiliates described in Section 5.2.1 hereof and in accordance with the priority set forth therein; and

11.2.4 Fourth, such liquidation proceeds will be distributed in compliance with Section 1.704-1(b)(2)(ii)(b)(2) of the Regulations to the Partners in accordance with their positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, including, without limitation, the allocations to be made under Section 4.2.13 hereof.

Section 11.3 Compliance with Liquidation Requirements of Regulations. If the Partnership is “liquidated” within the meaning of 1.704-1(b)(2)(ii)(g) of the Regulations, then:

11.3.1 Distributions will be made pursuant to Section 11.2 hereof (if such “liquidation” constitutes a dissolution and termination of the Partnership) to the Partners who have positive balances in their Capital Accounts in compliance with Section 1.704 1(b)(2)(ii)(b)(2) of the Regulations;

11.3.2 If a General Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such General Partner will contribute to the capital of the Partnership the amount necessary to restore the balance in its Capital Account to zero;

11.3.3 If a Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including, without limitation, the taxable year in which such liquidation occurs), then such Limited Partner will contribute to the capital of the Partnership the lesser of (1) such deficit balance in its Capital Account or (2) the limited dollar amount, if any, of its Capital Account deficit which the Limited Partner has expressly agreed in writing to restore to the capital of the Partnership pursuant to Section 11.4 hereof; and
11.3.4 Any such contribution by a Partner shall be made on or before the later of (1) the end of the taxable year of the “liquidation” or (2) 90 days after the date of the “liquidation”.

Notwithstanding anything to the contrary contained in this 11.3, in the event the Partnership is “liquidated” within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, but such “liquidation” does not constitute a dissolution and termination of the Partnership pursuant to this Partnership Agreement, then no distributions shall be made pursuant to Section 11.2 hereof. Instead, the Partnership shall be deemed to have distributed the Partnership Property in kind to the Partners, who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Partnership Property in kind to the Partnership, which shall be deemed to have assumed and taken subject to all such liabilities.

Section 11.4 Rights and Obligations of Limited Partner Upon Dissolution. Except as otherwise expressly provided in Section 11.3.2 hereof, the Limited Partner shall look solely to the assets of the Partnership for the return of its Capital Contribution. Except as otherwise elected by the Limited Partner pursuant to this Section 11.4, the Limited Partner and Special Limited Partner shall not have any obligation to restore any deficit in their Capital Accounts upon the liquidation of the Partnership. Notwithstanding anything to the contrary contained in this Partnership Agreement, the Limited Partner and Special Limited Partner may from time to time elect to be obligated to restore a deficit in their Capital Accounts up to a limited dollar amount. Such election shall be made by the delivery of a written notice of election to the General Partner no later than April 15 following the taxable year for which such election is to be effective and shall specify the dollar amount of the deficit in its Capital Account that the Limited Partner or the Special Limited Partner agrees to restore. Such election shall be irrevocable and shall be binding on subsequent transferees of the Limited Partner’s or the Special Limited Partner’s Partnership Interest.

Section 11.5 Waiver of Partition. Each Partner hereby waives any right to partition or cause a partition of the Partnership Property.

Section 11.6 Final Accounting. The Liquidation Manager shall furnish each of the Partners with a statement setting forth the assets and liabilities of the Partnership as of the date of the completion of the winding up and termination of the affairs and business of the Partnership. Upon completion of the distribution plan set forth in this Article 11, the Liquidation Manager shall cause to be executed by the appropriate parties and filed in such public offices as shall be required under the Act a cancellation of the Certificate of Formation, or any amendment thereto, of the Partnership and any and all other documents which the Liquidation Manager deems necessary or appropriate to effect the dissolution and termination of the Partnership.
ARTICLE 12: MISCELLANEOUS

Section 12.1 Notices and Addresses. All notices, consents, demands, requests, or other communications which may or are required to be given hereunder shall be in writing and shall be sent by telefax, overnight courier or United States mail, registered or certified, return receipt requested, postage prepaid to the Partnership at the address of the Partnership’s principal office and to the Partners at the addresses set forth after their respective names in Article 2. The Partnership and any Partner may change its or his address for the giving of notices, consents, demands, requests, or other communications by delivering written notice to the Partnership and to all the Partners of its or his new address for such purpose. Notices, consents, demands, requests, or other communications shall be deemed given or served on the day when sent by telefax, one business day after deposit with an overnight courier or three (3) business days after deposit in the United States mail.

Section 12.2 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

Section 12.3 Counterparts. This Partnership Agreement may be executed in several counterparts all of which shall constitute one agreement, binding on all parties hereto, notwithstanding that all the parties are not signatories to the same counterpart.

Section 12.4 Applicable Law. This Partnership Agreement and the rights of the Partners hereunder shall be interpreted in accordance with the laws of the State of Texas, exclusive of its conflict of laws principles.

Section 12.5 Successors. This Partnership Agreement shall inure to the benefit of, be binding upon, and be enforceable by and against the parties hereto, their heirs, executors, administrators, successors, and assigns.

Section 12.6 Severability. The invalidity or unenforceability of any provision of this Partnership Agreement in a particular respect shall not affect the validity and enforceability of any other provisions of this Partnership Agreement or of the same provision in any other respect.

Section 12.7 Exhibits. All exhibits attached hereto or referred to herein are incorporated herein by this reference.

Section 12.8 Limitation of Benefits. Except with respect to those provisions hereof that confer rights to the Warehouse Lender, it is the explicit intention of the Partners that no person or entity other than the Partners, the owner(s) of the beneficial interests in the Limited Partner’s Partnership Interest and the Partnership is or shall be entitled to bring any action or enforce any provision of this Partnership Agreement against any Partner or the Partnership, and that the covenants, undertakings and agreements set forth in this Partnership Agreement shall be solely for the benefit of and shall be enforceable only by the Partners, the owners of such beneficial interests and the Partnership and their or its respective successors and assigns as permitted hereunder).
Section 12.9 Entire Agreement. This Partnership Agreement contains the entire agreement among the Partners with respect to the transactions contemplated herein, and supersedes all prior or written agreements, commitments, or understandings with respect to the matters provided for herein and therein.

Section 12.10 Broker's Commission and Indemnity. Each of the parties to this Partnership Agreement warrants and represents to the others that it has not been introduced to the other party by any broker, nor has it been in contact with any real estate or business broker or consultant otherwise than as specified in this Partnership Agreement regarding the Project Property; and each party to this Partnership Agreement agrees to indemnify and hold the other party harmless from all suits, claims, actions, loss or expenses (including reasonable attorney's fees) arising from the claim of any person to a brokerage or other commission in connection with this transaction and resulting from contact with or other action, alleged or actual, of the indemnifying party.

Section 12.11 Amendment of Partnership Agreement. Except as otherwise provided for herein, this Partnership Agreement may not be amended in whole or in part except by a written instrument signed by the General Partner and Limited Partner.

Section 12.12 Power of Attorney.

12.12.1 Generally. The Limited Partner, by the execution hereof, hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of this Partnership Agreement, other than the provisions of Section 10.6 hereof, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to form, continue, or qualify the Partnership as a limited partnership or to transact business under the Act; and

(ii) all amendments to the Certificate of Formation or other instrument that are required to be filed under applicable law.

The appointment by the Limited Partner of the General Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under the Partnership Agreement will be relying upon the power of the General Partner to act as contemplated by the Partnership Agreement in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the Limited Partner or the assignment by the Limited Partner of the whole or any part of its Partnership Interest hereunder. Nothing contained herein shall be construed to limit the authority of the General Partner under Article 6 hereof to execute documents and act on behalf of the Partnership without execution or action by the Limited Partner.
12.12.2 **Removal for Cause.** The General Partner, by the execution hereof, hereby irrevocably constitutes and appoints the Limited Partner its true and lawful attorney-in-fact, with full power and authority in its name, place, and stead, to execute and acknowledge under oath, swear to, and, if necessary, deliver, file, and record at the appropriate public offices such documents as may be required by law to carry out the provisions of Section 10.6 of this Partnership Agreement, including without limitation:

(i) all certificates and other instruments, including any certificate of formation and any amendment thereto, that are required to remove the General Partner from its role as general partner and replace it with a substitute general partner;

(ii) all amendments to this Partnership Agreement required to remove the General Partner from its role as general partner and replace it with a substitute general partner; and

(iii) all other certificates, documents, amendments, and instruments required to effectuate the provisions of Section 10.6 hereof.

The appointment by the General Partner of the Limited Partner as attorney-in-fact shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Partnership Agreement will be relying upon the power of the Limited Partner to act as contemplated by Section 10.6 hereof in any filing and other action by it on behalf of the Partnership. The foregoing power of attorney shall survive the dissolution and termination of the General Partner or the assignment by the General Partner of the whole or any part of its interest hereunder.

**Section 12.13 More Than One Limited Partner.** The Limited Partner owning the majority of the Partnership Interests held by the Limited Partners (the "Majority Limited Partner") shall have the exclusive right to exercise all consents and approvals assigned to the Limited Partners under this Partnership Agreement. All of the Limited Partners agree to abide and be bound by the decisions of the Majority Limited Partner with respect to its exercise of the consent and approval rights assigned to the Limited Partners under this Partnership Agreement. The General Partner shall be required to provide all requested reporting and other information hereunder only to the Majority Limited Partner, provided that the General Partner will also deliver a separate copy of such report or other information to any other Limited Partner upon its request. If no one Limited Partner owns a majority of the Partnership Interests held by the Limited Partners, then all consents and approvals assigned to the Limited Partners under this Partnership Agreement shall be exercised by the Limited Partners owning a majority of such Partnership Interests, and the General Partner shall provide all requested reporting and other information hereunder to each of the Limited Partners.

**Section 12.14 Third Party Beneficiary.** The parties hereto hereby acknowledge and agree that the Asset Manager is a third party beneficiary of this Partnership Agreement.

[Remainder of this page intentionally left blank.]
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

GENERAL PARTNER:

EVERGREEN ROWLETT SENIOR COMMUNITY GP, LLC, a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: ________________________
Name: Gary Keen
Its: President

LIMITED PARTNER:

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: ________________________
Name: ________________________
Its: ________________________

SPECIAL LIMITED PARTNER:

CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company

By: ________________________
Name: Bradley E. Forslund
Its: Manager

INITIAL LIMITED PARTNER:

BRADLEY E. FORSLUND, an individual
The Partners have executed this Partnership Agreement as of the date first set forth at the beginning hereof.

**GENERAL PARTNER:**

EVERGREEN ROWLETT SENIOR COMMUNITY GP, LLC, a Texas limited liability company

By: LifeNet Community Behavioral Healthcare, its sole member

By: __________________________
Name: Gary Keep
Its: ________________

**LIMITED PARTNER:**

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: __________________________
Name: Karen Przybylski
Its: ________________

**SPECIAL LIMITED PARTNER:**

CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company

By: __________________________
Name: Bradley E. Forslund
Its: ________________

**INITIAL LIMITED PARTNER:**

BRADLEY E. FORSLUND, an individual
## Project Description

**Project Name**: Evergreen at Rowlett

**Limited Partnership Name**: Evergreen Rowlett Senior Community, L.P.

**Spreadsheet Purpose**: Final Closing Spreadsheet

**Location**
- **Street Address**: 5500 Block Old Rowlett Road
- **City**: Rowlett
- **State**: TX
- **Zip Code**: 75089
- **County**: Dallas
- **Census Tract #**: 181.40
- **Type**: Urban

**Current Date**: 4/12/16

**Sponsor #1**: LifeNet Community Behavioral Healthcare
- **Non-Profit**

**Sponsor #2**: Churchill Senior Residential, LLC
- **For Profit**

**Deal Source**: NEF

**GJ # of Residential Buildings**: 4

**Total Number of Residential Units**: 138

**Construction Type**: New

**Target Population**: Elderly

**Effective Tax Rate**: 35%

**State Tax Rate (CA only)**: N

**Rehab with Tenants in place?**: N

**4% or 9% credit deal?**: 9%

**Tax exempt bond deal? (Y/N)**: N

**Use Building by Building Depreciation Schedule (Y/N)**: N

**GCT / DDA (Indicate Which)**: DDA

**130% Boost (enter %, 101% - 130%)**: 130%

**Is 3rd party buying state credits?**: N

**SMT #**: 67178

**Date Deal Secured**: 11/4/15

**Building Type**: Multifamily

## Timing Assumptions

**NEF Admission to Partnership**: 4/20/16

**NEF Initial Funding**: 4/20/16

**Construction Start**: 4/1/16

**Placed in Service**: 7/1/17

**Permanent Loan Closing**: 4/20/16

**Projected First Credit Year**: 2017

**Sale of Project**: 12/31/33

## Partnership Information

**Is Developer Cash Basis? (Y/N)**: N

**General Partner Tax Exempt (Y/N)**: N

**Co-General Partner Tax Exempt (Y/N)**: N

**Lower-Tier LP Profit/Loss & Credits Share**: 99.99%

**Lower-Tier GP Profit/Loss & Credits Share**: 0.01%

**Sale Proceeds Share - LP Portion**: 10.00%

**Sale Proceeds Share - GP Portion**: 90.00%

**Deferred Developer Fee Interest Rate**: 0.00%

**Applicable Fed. Rate (AFR)**: N

**Lower-Tier LP Cash Flow Distribution Percentage**: 99.99%

**Length of LURA**: 35

## Escalators

**Annual Residential Rent Increase - LIHTC**: 2.00%

**Annual Residential Rent Increase - Mkt**: 2.00%

**Residential Vacancy Rate - LIHTC**: 7.00%

**Residential Vacancy Rate - Mkt**: 7.00%

**Commercial Rent Increase**: 2.00%

**Commercial Vacancy Rate**: 7.00%

**Other Income Growth Rate**: 2.00%

**Annual Expense Increase**: 3.00%

## Reserves and Fees

<table>
<thead>
<tr>
<th></th>
<th>Y/N</th>
<th>$ Amt or % of EGI</th>
<th>Acquire Fee/Funding [%]</th>
<th>Interest Earnings Rate</th>
<th>Growth Rate</th>
<th>Estimated Reserve Amount per Unit</th>
<th>Target Reserve Amount</th>
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<tbody>
<tr>
<td>Annual Funding of Replacement Reserve</td>
<td>Y</td>
<td>34,500</td>
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<td>2.00%</td>
<td>3.00%</td>
<td>$250</td>
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<tr>
<td>Annual Funding of Operating Reserve</td>
<td>N</td>
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<td>2.00%</td>
<td>3.00%</td>
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<tr>
<td>Annual Funding of Rev Deficit Reserve</td>
<td>N</td>
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<td>3.00%</td>
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<tr>
<td>Annual NEFAccident Management Fee</td>
<td>Y</td>
<td>9,000</td>
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<td>2.00%</td>
<td>3.00%</td>
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<tr>
<td>Annual Partnership Mgmt Fee to GP</td>
<td>N</td>
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<td>3.00%</td>
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<td>Management Incentive Fee</td>
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<td>3.00%</td>
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<td>Annual Funding of Other Reserves</td>
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**Project Assumptions**

### Tax Credit Information

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<th>Rate</th>
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<th>Amount</th>
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<td>Acquisition Credit Rate</td>
<td>3.23%</td>
<td>8/14/15</td>
<td>$1,500,000</td>
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<tr>
<td>Construction / Rehab Credit Rate</td>
<td>9.00%</td>
<td>8/14/15</td>
<td>$1,500,000</td>
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<td>Credit Rate Locked-In? (Y/N)</td>
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<td>Annual Tax Credit from Tax Credit Res</td>
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<td>Annual Tax Credit - 2nd year allocation</td>
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<tr>
<td>Total Annual Tax Credit Allocated</td>
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<td>Total Annual Rehab Credit Allocated</td>
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<td>Total Annual Acc Credit Allocated</td>
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<tr>
<td>Total LIHTC Basis + Land + Commercial</td>
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<td>Due Date of 10% Carryover</td>
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<td>Eligible for Solar Credits? (Y/N)</td>
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<tr>
<td>Eligible for Acquisition Credit? (Y/N)</td>
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<td>Eligible for Cal State Tax Credit? (Y/N)</td>
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<td>Tax Credit Allocated</td>
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<td>Eligible for State LIHTC Credit? (Y/N)</td>
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<tr>
<td>Tax Credit Allocated</td>
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<tr>
<td>State LIHTC Credit - Number of Years</td>
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<td>Eligible for Historic Rehab Credit? (Y/N)</td>
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<td>Eligible for State Historic Tax Credit? (Y/N)</td>
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<td>State Historic Credit Percentage</td>
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### Other Annual Income

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<th>Description</th>
<th>Amount</th>
<th>Rent</th>
<th>Units</th>
<th>Vacancy</th>
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<td>Miscellaneous</td>
<td>3,312</td>
<td>45</td>
<td>24</td>
<td>12%</td>
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<tr>
<td>24 Garages</td>
<td>0</td>
<td>20</td>
<td>36</td>
<td>12%</td>
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*Eligible for Historic Tax Credit? (Y/N)*

### Tax Exempt Bond Financing

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<tr>
<th>Bond Issuer</th>
<th>Credit Enhancement Type</th>
<th>Enhancement Provided by</th>
<th>Bond Purchaser</th>
<th>Date of Bond Issuance</th>
<th>Are These Draw Down Bonds</th>
<th>Predevelopment Loan</th>
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### NEF Regional Team:

**NEF Regional Team:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>VP Originations</td>
<td>Rachel Rhodes</td>
</tr>
<tr>
<td>VP Supportive Housing</td>
<td></td>
</tr>
<tr>
<td>Originations Manager</td>
<td>Michael Jacobs</td>
</tr>
<tr>
<td>Originations Analyst</td>
<td>William E Rahuba</td>
</tr>
<tr>
<td>VP Project Management</td>
<td>Stewart Jester</td>
</tr>
<tr>
<td>Project Manager</td>
<td>Derek Snikeris</td>
</tr>
<tr>
<td>Constructions Risk Manager</td>
<td>Susan Grant</td>
</tr>
<tr>
<td>VP Asset Management</td>
<td>Jennifer Rivera</td>
</tr>
<tr>
<td>Asset Manager</td>
<td>Kally Schoon</td>
</tr>
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</table>

### Project Characteristics Choose all that apply

- [ ]...
- [ ]...
- [ ]...
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### SUBJECT PRO FORMA AND ACHIEVABLE LIHTC RENTS

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% AMI</th>
<th>Current Rent</th>
<th>Affordable Rent</th>
<th>% Diff</th>
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<tbody>
<tr>
<td>1B/1A</td>
<td>40%</td>
<td>$710</td>
<td>$944</td>
<td>25%</td>
</tr>
<tr>
<td>1B/1A</td>
<td>50%</td>
<td>$720</td>
<td>$945</td>
<td>28%</td>
</tr>
<tr>
<td>1B/1A</td>
<td>60%</td>
<td>$730</td>
<td>$947</td>
<td>24%</td>
</tr>
<tr>
<td>2B/2A</td>
<td>55%</td>
<td>$752</td>
<td>$950</td>
<td>22%</td>
</tr>
<tr>
<td>2B/2A</td>
<td>60%</td>
<td>$760</td>
<td>$950</td>
<td>21%</td>
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</table>

### SUBJECT'S PRO FORMA AND ACHIEVABLE MARKET RENTS

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>% AMI</th>
<th>Current Rent</th>
<th>Achievable Rent</th>
<th>% Diff</th>
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<tbody>
<tr>
<td>1B/1A</td>
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<td>$710</td>
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<td>60%</td>
<td>$760</td>
<td>$950</td>
<td>21%</td>
</tr>
</tbody>
</table>

### Max LIHTC Income and Rents

| # DC/RMS | Family Size | AG | Factor | Rent Incl | Income Rent | Income Rent | Income Rent | Income Rent | Income Rent | Income Rent | Rent | Income Rent | Income Rent | Income Rent | Income Rent | Income Rent | Income Rent | Income Rent |
|----------|-------------|----|--------|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 0        | 1           | 0.70| 19.067 | 376      | 20.075      | 550         | 25.085      | 427         | 35.114      | 763         | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 1        | 1           | 0.79| 19.153 | 405      | 21.010      | 538         | 26.068      | 672         | 31.205      | 807         | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 2        | 2           | 0.80| 19.239 | 425      | 22.048      | 574         | 28.080      | 717         | 34.105      | 880         | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 3        | 3           | 0.81| 19.326 | 445      | 23.082      | 614         | 28.110      | 764         | 35.136      | 955         | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 4        | 4           | 0.82| 19.413 | 465      | 24.117      | 654         | 29.143      | 814         | 36.164      | 1,030       | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |
| 5        | 5           | 0.83| 19.500 | 485      | 25.153      | 694         | 29.174      | 864         | 37.194      | 1,106       | 0     | 0           | 0           | 0           | 0           | 0           | 0           | 0           |

### Unit Mix and Rents

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<tr>
<th># Units</th>
<th>Description</th>
<th>2015 Rent</th>
<th>Total Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Income Rent</th>
<th>Rent</th>
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<tr>
<td>1</td>
<td>Unit Type</td>
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<td>19.067</td>
<td>376</td>
<td>20.075</td>
<td>550</td>
<td>25.085</td>
<td>427</td>
<td>35.114</td>
<td>763</td>
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<td>2</td>
<td>Unit Type</td>
<td>0.79</td>
<td>19.153</td>
<td>405</td>
<td>21.010</td>
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<td>26.068</td>
<td>672</td>
<td>31.205</td>
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**Percentage very low income**: 95%
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<th>% of funding</th>
<th>Required Loans</th>
<th>Principal</th>
<th>Debt / Unit</th>
<th>Payment Type</th>
<th>Interest Rate</th>
<th>Perm Loan Closing Date</th>
<th>1st Pay Date</th>
<th>Amort Yrs</th>
<th>Term Yrs</th>
<th>Recourse Y/N</th>
<th>Sponsor/Related Party</th>
<th>Is lender related to investor</th>
<th>Source</th>
<th>Conversion Requirements</th>
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<td>Cash Flow from Operations</td>
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<td>0.00%</td>
<td>GP Capital</td>
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<td>2.96%</td>
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<td>76.46%</td>
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**Construction Financing**

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<th>Principal</th>
<th>Interest Rate</th>
<th>Conversion Date</th>
<th>Maturity Date</th>
<th>Comments</th>
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<td>Capital One, N.A.</td>
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# Development Costs

## Uses of Funds

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<th>Description</th>
<th>Total</th>
<th>Per Sq Ft</th>
<th>Per Unit</th>
<th>Depreciable Basis</th>
<th>Eligible Basis</th>
<th>Commencement Costs</th>
<th>Non-Depreciable</th>
<th>Amortized Years</th>
<th>Expensed Basis</th>
<th>Historic Basis</th>
<th>Bond Basis</th>
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<td>Site Work - Non Depr (Grading, Demolition, Land Clearing)</td>
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<td>Site Work - 15 Year 'tew (Landscape, fine grading, sidewalks)</td>
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**Notes:**
- Payment and Performance Bond
- Architect/Design
- Construction Management/Architect Supervision
- Construction Permits and Fees
- Lender or NEF Inspection Fee
- Engineering
- Site Work - Bldg Life Depr (Utility & Sewer, Ins)
- Site Work - Non Depr (Grading, Demolition, Land Clearing)
- Site Work - 15 Year 'tew (Landscape, fine grading, sidewalks)
- Basic Construction Retention %
- Personal Property
- Can. Req., Builder's OH & Profit
- Bond Premium
- GC Construction Contract - $13,032,783

### Construction Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>Per Sq Ft</th>
<th>Per Unit</th>
<th>Depreciable Basis</th>
<th>Eligible Basis</th>
<th>Commencement Costs</th>
<th>Non-Depreciable</th>
<th>Amortized Yrs</th>
<th>Expensed Basis</th>
<th>Historic Basis</th>
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<tr>
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**Notes:**
- Predevelopment Loan Interest and Fees
- Consulting Fees
- "Project" Bridge Loan Interest in Basis
- Loan Origination Fee - Permanent
- Title & Recording
- Legal - Syndication/Organization
- Legal - Bond/Perm Loan
- Legal - Construction
- Due Diligence - NEF
- Tax Credit Allocation Fee
- Tax Credit Compliance Fees
- Lease-up and Marketing Costs (pre-opening)
- Accounting/Post Const. Audit
- Soft Cost Contingency
- Other Soft Costs - Attorney
- Other Soft Costs
- Other Miscellaneous Soft Costs
- Developer Fee - Consultant
- Developer Fee - Other
- Initial Contingent Reserve
- Capitalized Replacement Reserve
- Capitalized ACC Reserve
- Capitalized Rev Deficit Reserve
- Capitalized Ins & Tax Escrow
- Capitalized Lease-Up Reserve (pre-opening)
- Working Capital Reserve
- Other Reserves
- Other Reserves
- Accrued Contingent Loan Interest

### Sources/Uses Surplus (Net)

<table>
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<tr>
<th>Description</th>
<th>Total</th>
<th>Per Sq Ft</th>
<th>Per Unit</th>
<th>Depreciable Basis</th>
<th>Eligible Basis</th>
<th>Commencement Costs</th>
<th>Non-Depreciable</th>
<th>Amortized Yrs</th>
<th>Expensed Basis</th>
<th>Historic Basis</th>
<th>Bond Basis</th>
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<tbody>
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### Buildings Summary

#### Building by Building Information

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<td>Year</td>
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<td>Tax Credit Units Leased (Credits)</td>
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<td>Cumulative Non TC Units Leased</td>
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<td>Non Tax Credit Rental Income</td>
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### Equity Distribution

#### Federal LIHTC Credits
- 14,998,500

#### Federal Historic Tax Credits
- 0

#### State LIHTC Credits Purchased by NEF
- 0

#### State Historic Credits Purchased by NEF
- 0

#### Solar Credits
- 0

#### Total Limited Partner Equity
- 16,348,365

---

#### State LIHTC Credits Purchased by 3rd Party

**3rd Party Buyer**

#### State Historic Credits Purchased by a 3rd Party

**3rd Party Buyer**

---

#### Project Milestone Date

- **Closing**: 4/20/16
- **50% Completion**: 12/6/16
- **Conversion, Final Cost Cert**: 9/1/17
- **8609/Tax Filing**: 4/1/19

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**TOTAL**

- 100.00% 16,348,365

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#### Developer Fee

- **Maximum Deferred Fee Percentage**: 50.00%
- **Developer Fee**: 2,223,474
- **From Cash Flow**: 632,658
- **From Equity**: 1,590,816
- **Percentage of Fee Deferred**: 28.45%

---

**Pricing Page**
### Operating Expenses

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<tr>
<td>Property Management Fee</td>
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<tr>
<td>Misc. Prop. Mgmt. Fees</td>
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<td>Office Supplies &amp; Expense</td>
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<tr>
<td>Gas/Fuel Oil/Coal (Common Area)</td>
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**Total Effective Gross Income from Project**

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</table>
### Cash Flow

#### Project Year

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 0 | TOTAL |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
| Total Mortgage Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal Pmt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Pmt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan Servicing and/or MIP Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cashflow after debt service - 4th | 76,152 | 212,028 | 90,238 | 89,327 | 88,145 | 86,711 | 84,989 | 82,951 | 80,609 | 77,937 | 74,924 | 71,539 | 67,808 | 63,373 | 59,126 | 56,158 | 48,740 | 1,409,065 |
| Debt coverage ratio after 4th mortgage | 0.00 | 0.00 | 3.20 | 1.34 | 1.33 | 1.32 | 1.31 | 1.30 | 1.29 | 1.27 | 1.25 | 1.24 | 1.22 | 1.20 | 1.16 | 1.00 | 0.00 | 0.00 | 0.00 |
| Royalties | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cashflow from operations for construction costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Release of operating reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

#### REVERSE WITHHOLDINGS

| Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Initial Operating Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalized ACC Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalized Rev Deficit Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalized Lease-Up Reserve (post opening) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

#### PAYMENTS CONTINGENT ON AVAILABLE CASHFLOW

| Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Initial NEF/Asset Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Developer Fee - Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual NEF/Asset Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalized Developer Fee - Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Final NEF/Asset Management Fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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#### Excess Cash Allocation to Distributions

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### Use of Reserves Analysis

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<tr>
<td>Insurance &amp; Tax Escrow Reserve</td>
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<td>50%</td>
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| Total Uses of Reserves | 0    | 0    | 0    | 0    | 0    | 144,244 | 137,212 | 130,312 | 124,128 | 118,566 | 113,637 | 109,238 | 105,347 | 101,927 | 99,944 | 96,367 |
| Total Currently Expensed | 0    | 0    | 0    | 0    | 0    | 122,872 | 113,017 | 104,265 | 96,111 | 88,653 | 81,896 | 75,874 | 69,976 | 64,759 | 59,987 | 55,621 |
| Total Currently Capitalized | 0    | 0    | 0    | 0    | 0    | 22,372 | 24,195 | 25,952 | 28,308 | 31,814 | 31,741 | 33,395 | 35,874 | 37,167 | 38,957 | 40,745 |
| Cumulative Capitalized | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 22,152 | 46,208 | 74,142 | 104,429 | 130,322 | 162,061 | 195,625 |
| Depreciation Taken | 27.5 | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    |
| Remaining Capitalized Reserve Basis | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 21,146 | 43,916 | 67,289 | 91,055 | 116,656 | 142,654 | 169,195 |
| Total Deduction for Use of Reserve | 0    | 0    | 0    | 0    | 0    | 123,778 | 114,721 | 106,839 | 99,763 | 92,432 | 87,791 | 82,748 | 78,375 | 74,511 | 71,155 | 68,271 |
Residual Analysis

NEF

I

Residual Analysis

Net Operating Income and Cap Rate Approach
Assumptic,ns applied to Projections from Year 1

Using Model Rents
Net Operating Income Year 15

578,272

~ Total Annual Income (net of

Cap Rate Assumption

Source of Cap Rate

c===::;stim~

Imputed Value
Outstanding Debt

6,425.243
3,109,761

Imputed value over debt

3,315.482

vacancy)
Comm lnc (net of vacancy)
Other Inc (net of vacancy)
Expenses
Replacement Reserves
NOi

1,726,057
32,003

1,126.038
53,750
578,272

ReSJdentlal Income Trending

3.00%

Ex,aense Trending

3.00%

Residential Vacancy

5.00%

Commercial Income Trending
Other Income Trending
Commercial Vacancy
NEF ReF,:facement Res Trending
Lender Replacement Res Trendmg

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Newlnterest

Perm Debt Refinancing

Rate

'-----c~.-,~ta~,o~n-e-.N-.A-.-----+-~a..90% -

Source of Cap Rate
Imputed Value
Outstanding Debt
Imputed value over debt

NOi
Appraised Value Yr 1

2.00%,

3.00%

Continue Partnership Mgmt Fee after year of Sale C.--CC---,-J

year of Sate '-----'.,____,

2.753,816
32,003
1,126,038
53,750
1,606,031

r::--~]
18,611,863

Original Cost

Percentage
Imputed Value
Outstanding Debt
Appreciation Needed

3,109,761
#DIV/QI

Re uired Financing
Residential
Income

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2,186,518
2,252,113
2,319,677
2,389,267
2,460,945
2.534.773
2.610.816
2,689,141
2,769,815
2,852,910
2,938,497
3,026,652
3,117,451
3,210.975
3,307.304
3,406,523
3,508,719
3,613,981
3,722,400
3,834,072
3,949,094
4.067.567
4,189.594
4,315,282
4,444,740
4,578,082
4,715,425
4,856.888
5.002.594
5.152,672
5,307,252
5,466,470
5,630,464

Commercial
Income

Other Income

4,702
20,457
22,446
23,120
23,813
24,528
25,263
26.021
26.802
27,606
28,434
29,287
30,166
31,071
32,003
32,963
33,952
34,970
36,019
37,100
38,213
39,359
40,540
41 756
43,009
44,299
45,628
46.997
48,407
49,859
51.355
52,896
54,483
56,117
57,801
59.535
61,321
63,160
65,055
67,007
69,017
71,088
73,220
75,417
77.679
80,010
82,410
84,882
87,429
90,052
92,753
95,536
98,402
101,354

104,395

Expenses

157,340
701,953
789,781
813,474
837,878
863.015
888.905
915,572
943,039
971,331
1,000,470
1,030,485
1,061,399
1,093,241
1,126,038
1,159,819
1,194,614
1.230,453
1.267,366
1.305,387
1,344,549
1,384,885
1,426,432
1,469,225
1,513,301
1,558,700
1,605,461
1,653,625
1.703,234
1,754,331
1,806,961
1,861,170
1,917,005
1,974.515
2,033.751
2.094,763
2.157,606
2,222,334
2,289,004
2,357,674
2,428,404
2,501,257
2.576,294
2.653,583
2.733,191
2.815,186
2,899,642
2,986,631
3,076,230
3,168,517
3,263,573
3.361,480
3.462,324
3,566,194
3,673,180

Re~
Reserves

7.510
33.507
37.699
38,830
39,995
41,195
42,431
43,704
45,015
46.365
47,756
49,189
50.664
52.184
53 750
55.362
57.023
58 734
60,496
62,311
64,180
66.106
68.089
70,131
72,235
74.402
76,634
78,934
81,302
83.741
86.253
88.840
91.506
94,251
97.078
99,991
102,990
106.080
109.262
112540
115,917
119,394
122,976
126,665
130,465
134,379
138,410
142,563
146,840
151,245
155 782
160,456
165,269
170,227
175,334

NOi
81,032
360,992
405,588
417,756
430,289
443,197
456,493
470.188
484.294
498.822
513,787
529.201
545.077
561,429
578,272
595,620
613,489
631,893
650,850
670,376
690,487
711,201
732.538
754.514
m.149
800,464
824,477
849.212
874,688
900,929
927.957
955,795
984,469
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1,210,773
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1,284,509
1,323,044
1,362,736
1,403,618
1,445,726
1.489,098
1.533,771
1,579,784
1,627,178
1,675,993
1,726,273
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1.831,403
1.886,345

Capital One,

NA

39,147
156,588
156,588
156,588
156,588
156,588
156 588
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City of
Rowlett

15,178
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(HOME)

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30

3.00%
7.00".4
3.00%
Continue Incentive Mgmt Fee after

1.606,031
9.00% Total Annual Income (net of
~stimat~
vacancy)
17,844,790
Comm Inc (net of vacancy)
3,109,761
Other Inc \net of vacancy)
Expenses
14,735,029
Replacement Reserves

Net Operating Income Year 15
Cap Rate Assumption

30

Optional RA Length c __ ___,

Using Market Rents at Year 15

Appraised Value Approach

4.00%

City of Ro'Mett

New Term

DOF
72.032
255,237
128,149
140,030
37,211

Contingent
Payments

9,000
9,270
9,548
9,835
113.680
158,819
170,816
183,174
195,902
209,012
222,516
236,424
250,750
265,505
280,704
296,358
469,720
385 306
402,367
419,940
438,040
456,683
475,886
495,664
516,036
537,019
558,632
580,893
603,821
627,438
651,763
676,818
741,877
768,458
795,836
824,035
853,081
882,998
913,812
945,551
978,242
1,011,913
1,046,595
1,082.317
1,119.111
1,157,009
1,196,043
1,266,324
1.307,736
1.350,390
1,394,324
1,439,576
1,486,185
1,534.193
1,583,641

Remaining Cash

11,506
16,487
17,786
19,123
20,500
21,919
23,380
24,885
26,435
28,032
29,677
31,371
50,586
42,812
44,707
46,660
48,671
50,743
52,876
55,074
57,337
59,669
62,070
64,544
67,091
69,715
72,418
75,202
82,431
85,384
88,426
91,559
94,787
98,111
101,535
105.061
108.694
112,435
116,288
120,257
124,346
128,557
132,894
140,703
145,304
150.043
154,925
159,953
165.132
170,466
175,960

Remammg
Debt

4,400,000
4,400,000
4,369,722
4,295,142
4,217,449
4,136,499
4,052,137
3,964,203
3,872,526
3,776.929
3,677,223
3,573,210
3,464.683
3,351,421
3,233,195
3,109,761
2,980,863
2,312,791
2,646,697
2,588,620
2,527,927
2,464,482
2,398,141
2,328,749
2,256.145
2,180.156
2,100.599
2,017,281
1,929,996
1,838,526
1,742.640
1,642,092
1,547.551
1,528.853
1,509,393
1,489.140
1,468,061
1,446,124
1,423,294
1,399,533
1,374.804
1,349,067
1,322,282
1,294,406
1,265,394
1,235.200
1,203,776
1,171,071
1,171,071
1,171,071
1,171.071
1,171.071
1,171.071
1,171.071
1,171.071
1,171,071


## Tax Credits

### Federal LIHTC

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Acquisition</th>
<th>Construction</th>
</tr>
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<tbody>
<tr>
<td>Eligible Basis</td>
<td>17,463,463</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of Cost with 130% Basis Boost</td>
<td>100.00%</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Res Portion of Solar Credits</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Res Portion of Historic Rehab Credit</td>
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<tr>
<td>Subtotal</td>
<td>17,463,463</td>
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<tr>
<td>Less:</td>
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<tr>
<td>Tax Exempt Bonds</td>
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<td>0</td>
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<tr>
<td>Federal and Other Grants Off Basis</td>
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<td>0</td>
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<tr>
<td>Other</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Eligible Basis</td>
<td>17,463,463</td>
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<td>0</td>
</tr>
<tr>
<td>Adjustment &quot;Hard-to-Develop Area&quot; or Qualified Census Tract</td>
<td>0.00%</td>
<td>100.00%</td>
<td>130.00%</td>
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<tr>
<td>Percentage of Historic Related Costs</td>
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<tr>
<td>Adjusted Eligible Basis</td>
<td>22,702,502</td>
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<td>0</td>
</tr>
<tr>
<td>Applicable Fraction</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
<tr>
<td>Qualified Basis</td>
<td>22,702,502</td>
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<td>0</td>
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<tr>
<td>Qualified Basis per Application</td>
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<td>0</td>
<td></td>
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<tr>
<td>Rate</td>
<td>3.23%</td>
<td>9.00%</td>
<td>9.00%</td>
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<td>Annual LIHTC Amount</td>
<td>2,043,225</td>
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<tr>
<td>Actual Allocation</td>
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<tr>
<td>Used in Forecast (lessor)</td>
<td>1,500,000</td>
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<tr>
<td>Total Credits</td>
<td>15,000,000</td>
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</tbody>
</table>

### 50% Test

<table>
<thead>
<tr>
<th>No. of Units</th>
<th>Fraction</th>
<th>Total Sq Ft</th>
<th>Fraction</th>
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<tr>
<td>Low Income Apts</td>
<td>138</td>
<td>100.00%</td>
<td>111,900</td>
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<tr>
<td>Market Rate Apts</td>
<td>0</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>Manager Unit</td>
<td>0</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>138</td>
<td>100.00%</td>
<td>111,900</td>
</tr>
</tbody>
</table>

Applicable fraction (the lesser of units or sq ft) | 100.00% |
Profit & Loss

NEF
Sale

2016
Net Operating Income

oI

2017
83.444

j

2018
341,044

j

2019
394,7301

2020
394,9171

2021
394,877

j

2022
394,5971

2023
394.0671

2024
393,273 J

2025
392,2031

0
0
0
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0

Interest Income on Reserves
Interest Expense - Capital One, N.A.
Interest Expense - City of Rowlett

Interest Expense - TDCHA (HOME)
Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest Expense Interest expense
0
Deferred Developer's Fee Interest Pymt
Amortization
Depreciation
Partnership Management Fee
NEF Asset Fee
Deduction for Use of Reserves
Third Party Bridge loan Interest
Expenses Specially Allocated to GP
Incentive Management Fee

0
0
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11,385
32,417

11,031

24,806
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0
53,741
706,748
0
9,270
425,386
0
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1,098,046
0
9,000
237,693
0
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Total Expenses

22,575
128,656
35.469
29,187
0
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0
0
53.741
672,501
0
9,548
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0
0

8,985

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2026
390,8441
10

Project Year

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23,758

24,988

126,962

125.166
33,910
27,865
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53,741
646,638
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10.130
0
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34,701

28,536
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0
53,741
650,516
0
9,835
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26.264
123.261
33.095
27,173

27,589

26,068

24,694

121,241
32,255
26.461

119,098

116,826

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53.741
629,891
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10,433
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0
53,741
614,981
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10.746
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123,478
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31,389
25,727
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53.741
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11,069
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114,721
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30,498
24,971
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53.741
614,981
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11.401
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106,839
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22,343

23.456
114,415
29,579
24.191

111,859

28,632
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53,741
614,981
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11,743
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2028
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21,345
109,147
27,656
22,561

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42.354
614,981
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12,458
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87,791
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384,8881
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42.354
614,981
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12,832
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2030
382.227 J

2031
379,202

j

2032
375,797 (

2033

371,9941

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19,663

18,962

18,347

103,221
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42,354
614,981
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13,217
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78,375
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99,986
24,547
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42.354
614,981
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13,613
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74.511
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96,554

17,810
92,915

23,447
18,992
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21,875
600,099
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71.155
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22.314
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7,247
585,216
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23,374

64,694

62,286

59,575

56,546

53,185

49,478

45,409

40.962

36.120

30,868

1,376,088

1,261,353

929,102

904,291

897,450

877,595

1,006,277

1,035,421

1,021,542

1,007,988

988,032

970,133

957,063

944,001

930,878

882,264

839,304

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TOTAL
6,244,485

360,735
1,727,995

448,742
384,351
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760 656
11,124,483
0
195,854
663,080
1,001,123
0
0
522.498
16,828,782

ILOWER TIER TAXABLE PROFIT/LOSS
PROJECT PASSIVE LOSS BENEFITS

,·::.;:~ ;o:::

Tax Savings/Cost tram Project@ 35.0%
!PROJECT CREDIT BENEFITS
Total Rehab Credits from Project

308,877

1,373,188

1,500,000

308,877

1,373,188

1,500,000

757,441
99.99%
76
757,366

1,691 312
99.99%
169
1,691,142

1,679,129
99.99%
168
1.678,961

1,500,000

1,500,000

1,500,000

1,500,00Q

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,500,000

1,669,965
99.99%
167
1,669,798

1,667,155
99.99%
167
1,666,988

1,659,857
99.99%
166
1,659,691

1.704,618
99.99%
170
1,704,447

1,715,628
99.99%
172
1,715,456

1,500,000

1,500,000

1,191,123

126,812

1,500,000

1,500,000

1,191,123

126,812

1,711.626
99.99%
171
1,711,454

1,707,791
99.99%
171
1,707,620

1,392,901
99.99%
139
1,392,762

323.367
99.99%
32
323,335

15,000,000

Total Acquisition Credits from Project

Total Historic Preservation Tax Credit
Total State Historic Preservation Tax Credit
Total Cal State Tax Credit
Total State Tax Credit
Total Solar Credits
TOTAL CREDITS

99.99%
0

15,000,000
193,102
99.99%
19
193.083

189.739
99.99%
19
189,720

186,450
99.99%
19
186.431

170,842
99.99%
17
170.825

157,325

18,578,247
17
1,842
18,419,079

j


| Amount          | Period/ Years | Closing Date | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|-----------------|---------------|--------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Construction Loan Origination Fee | 123,207       | 6/15/17      | 0    | 4,228| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 7,247| 0    |
| Loan Origination Fee - Permanent | 32,500        | 6/15/17      | 0    | 2,644| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 4,533| 1,895|
| Legal - Bond/Perm Loan            | 108,355       | 6/15/17      | 0    | 6,321| 10,836| 10,836| 10,836| 10,836| 10,836| 10,836| 10,836| 10,836| 10,836| 10,836| 4,516|
| Tax Credit Allocation Fee         | 5,520         | 6/15/17      | 0    | 322  | 552  | 552  | 552  | 552  | 552  | 552  | 552  | 552  | 552  | 236  | 0    |
| Legal - Bond/Perm Loan            | 400,000       | 6/15/17      | 0    | 15,596| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 26,967| 11,113|
| Acquisition and Marketing Costs (pre-opening) | 30,044       | 6/15/17      | 0    | 1,015| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 726  |
| Misc. Financing Fees              | 26,094        | 6/15/17      | 0    | 1,015| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 726  |
| Annual Total                     | 30,144        | 6/15/17      | 0    | 1,015| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 1,740| 726  |
### Depreciation

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<th>Adjusted Basis</th>
<th>LP Ownership 99.99%</th>
<th>Depreciation Method</th>
<th>GP Ownership 0.01%</th>
<th>Depreciation Method</th>
<th>Average Life (yrs)</th>
<th>Average in Service N/A</th>
<th>Out of Service</th>
<th>Bonus Depreciation</th>
<th>Bonus Depreciation</th>
<th>Bonus Depreciation</th>
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<td>27.5</td>
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**TOTAL** 17,561,663

- Historic Check 0
- Commercial income <20% of total income
- Solar Check 0
- Depreciation Check 17,561,663
- Variance 0

**Rehabilitation Basis**

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<th>Residential Const</th>
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<th>Site Improvements</th>
<th>Personal Property</th>
<th>Land/Site Improvements/Amenities</th>
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- Are ANY buildings going to be vacant during rehab? [Y] No
- Take bonus depreciation? [Y] No
- Buildings construction completion over more than one year? [Y] No
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**GP Capital Account**

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<th>Partnership Basis</th>
<th>Accumulated Depreciation</th>
<th>Year End Partnership Basis</th>
<th>Partnership Non-Recourse Liabilities</th>
<th>Partnership Minimum Gain</th>
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EXHIBIT A

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL
PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (this "Agreement") is made as of the 19th day of April, 2016 by and among EVERGREEN ROWLETT SENIOR COMMUNITY, L.P., a Texas limited partnership (the "Partnership"), CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company (the "Special Limited Partner"), LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas non-profit corporation ("Grantee"), which is the sole member of EVERGREEN ROWLETT SENIOR COMMUNITY GP, LLC, a Texas limited liability company (the "General Partner"), and is consented to by NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee (the "Consenting Limited Partner" or "Limited Partner").

Whereas, the General Partner, Limited Partner, and Special Limited Partner are entering into that certain Amended and Restated Limited Partnership Agreement dated as of the date hereof (the "Partnership Agreement") forming the Partnership or continuing it by amending and restating a prior partnership agreement; and

Whereas, the General Partner, Special Limited Partner and Grantee have been instrumental in the development of the Project, as described in the Partnership Agreement; and

Whereas, the General Partner, Special Limited Partner and Grantee have performed, or have agreed to perform, services (the "Services") relating to the acquisition and syndication of the Project, as defined in the Partnership Agreement, which services include procuring permanent financing, securing the low-income housing tax credits and negotiating the Consenting Limited Partner's investment in the Partnership, and the Partnership wishes to provide to the General Partner, Special Limited Partner and Grantee certain rights under this Agreement in consideration of the General Partner, Special Limited Partner and Grantee performing such services; and

Whereas, the Project is or will be subject to one or more governmental agency regulatory agreements (collectively, the "Regulatory Agreements") restricting its use to low-income housing (the "Use Restrictions"), including but not limited to the Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Tax Credits (the "LURA"), a form of which has been provided to the Consenting Limited Partner; and

Whereas, as a condition precedent to the continuation of the Partnership pursuant to the Partnership Agreement, the General Partner, Special Limited Partner and Grantee have negotiated and required that the Partnership execute and deliver this Agreement, and the Consenting Limited Partner has consented to this Agreement in order to induce the General Partner and Special Limited Partner to execute and deliver the Partnership Agreement;

NOW, THEREFORE, in consideration of the execution and delivery of the Partnership Agreement, the performance of the Services by the General Partner, Special Limited Partner and Grantee for the benefit of the Partnership and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- I -
1. **Grant of Options.** The Partnership hereby grants to the Special Limited Partner an option either (a) to purchase the real estate, fixtures and personal property comprising the Project or associated with the physical operation thereof, located at the Project and owned by the Partnership at the time of purchase (the “Project Option”) as determined under Section 42(i)(l) of the Internal Revenue Code of 1986, as amended (the “Code”); or (b) to purchase the Limited Partner’s limited partnership interest in the Partnership (the “Partnership Interest Option”). In accordance with Section 6.b below, the Special Limited Partner’s purchase pursuant to the Project Option shall be effective on the last day of the 15-year compliance period for the low-income housing tax credit for the Project (the “Compliance Period”). The Partnership Interest Option (i) shall be triggered prior to the end of the Compliance Period if the Partnership receives an offer from an unrelated third party to purchase the Project or the limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, and (ii) may be exercised at any time after the end of the Compliance Period. Both the Project Option and the Partnership Interest Option shall be on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of such Options specified herein. The Partnership additionally hereby grants to the Grantee a subordinate right to purchase the Limited Partner’s limited partnership interest in the Partnership (the “Subordinate Partnership Interest Option”) which is triggered by the Special Limited Partner declining or failing to exercise its Partnership Interest Option after an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion. The Project real estate is legally described in Exhibit A attached hereto and made a part hereof. The Regulatory Agreement containing the Use Restrictions to which the Project real estate will remain subject is described in Exhibit B attached hereto and made a part hereof. The Project Option, the Partnership Interest Option and the Subordinate Partnership Interest Option are collectively sometimes herein referred to as the “Options” and each of them is sometimes herein referred to as an “Option”.

2. **Grant of Refusal Right to Grantee.** In the event the Partnership receives an offer from an unrelated third party to purchase the Project which the Limited Partner wishes to accept, the Partnership will not sell the Project or any portion thereof without first providing Grantee with a written notice (the “Notice of Refusal Right”) offering to Grantee a right of first refusal (the “Refusal Right”) to purchase the Project after the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. The Refusal Right shall be subordinated to the Partnership Interest Option and the Subordinate Partnership Interest Option that are simultaneously triggered, and if the Limited Partner’s limited partnership interest is acquired by either the Special Limited Partner or the Grantee, the consent of such acquiring party shall be required prior to the sale of the Project or any portion thereof pursuant to either a third party offer or the Refusal Right. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Paragraph 9 hereof, whichever first occurs, a qualified nonprofit organization, as defined in Section 42(b)(5)(C) of the Code, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter,
until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Paragraph 9 hereof meeting the requirements of Section 42(i)(7)(A) of the Code as determined in its reasonable judgment by tax counsel to the Consenting Limited Partner.

3. Purchase Price Under Options. The purchase price under the Project Option or the Partnership Interest Option shall be as follows:

a. Project Option. The purchase price under the Project Option shall be the greater of the following amounts:

   (i) **Debt, Taxes and Credit Adjusters.** The sum of: (a) an amount sufficient to pay all debts (including partner loans) and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, (b) an amount sufficient to distribute to the Limited Partner pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash proceeds equal to the state, local and federal taxes projected to be imposed on the Limited Partner as a result of the sale of the Project pursuant to the Option less any amounts distributed or to be distributed to the Limited Partner from the Operating Reserve Account and/or the Replacement Reserve Account for the purpose of paying such taxes, and (c) any unpaid portion of any credit adjuster payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership Agreement; or

   (ii) **Fair Market Value.** The fair market value of the Project, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions, less any liabilities, including all Partnership debt (including Partner loans) assuming the Project is affordable for the period of the Use Restrictions. The above-referenced appraisal shall be made by a licensed appraiser who is a member of the Master Appraiser Institute ("MAI") and who has experience in the geographic area in which the Project is located. The fair market value of the Project shall be determined by an MAI appraiser selected by the Partners, with the prior consent of the Limited Partner. The appraisal shall be paid for by the Partnership. If the Partners are unable to agree upon an MAI appraiser, the fair market value of the Project shall be determined by an MAI appraiser agreed upon by an MAI appraiser selected by the General Partner, an MAI appraiser selected by the Special Limited Partner, and an MAI appraiser selected by the Limited Partner, which appraisal shall be paid for by the Partnership.

b. Partnership Interest Option and Subordinate Partnership Interest Option. The purchase price under the Partnership Interest Option or under the Subordinate Partnership Interest Option shall be the greater of:

   (i) **Fair Market Value Analysis.** The purchase price for the Limited Partner's Partnership Interest shall be the equivalent of the sum that the Limited Partner would have received in distribution of Net Cash pursuant to Section 5.2 of the Partnership Agreement if the Project had been sold to a third party for the appraised fair market value. Any such appraisal shall be made by a licensed appraiser who is a member of the MAI and who has experience in the geographic area in which the Project is located. The fair market value of the Project shall be determined by an MAI appraiser selected by the General Partner (or Special Limited Partner
when exercising the Partnership Interest Option), with the prior consent of the Limited Partner. The appraisal shall be paid for by the Partnership. If the Partners are unable to agree upon an MAI appraiser, the fair market value of the Project shall be determined by an MAI appraiser agreed upon by an MAI appraiser selected by the General Partner (or the Special Limited Partner when exercising the Partnership Interest Option) and an MAI appraiser selected by the Limited Partner, which appraisal shall be paid for by the Partnership; or

(ii) **Partner Loans, Taxes and Credit Adjusters.** The sum of: (a) an amount equal to the outstanding principal balance and all accrued and unpaid interest on any loans that the Limited Partner has made to the Partnership, (b) an amount sufficient to distribute to the Limited Partner pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash proceeds equal to the state, local and federal taxes projected to be imposed on the Limited Partner as a result of the sale of its Partnership Interest pursuant to the Option, and (c) any unpaid portion of any credit adjuster payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership Agreement.

4. **Purchase Price Under Refusal Right.** The purchase price for the Project pursuant to the Refusal Right shall be equal to the sum of: (a) an amount sufficient to pay all debts (including partner loans) and liabilities of the Partnership upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Refusal Right, (b) an amount sufficient to distribute to the Limited Partner, pursuant to Section 5.2(a)(ii) of the Partnership Agreement, cash proceeds equal to the state, local and federal taxes projected to be imposed on the Limited Partner as a result of the sale pursuant to the Refusal Right, (c) any unpaid portion of any credit adjuster payments due and owing to the Limited Partner pursuant to Section 6.9 of the Partnership Agreement.

5. **Conditions Precedent.** Notwithstanding anything in this Agreement to the contrary, the Options and the Refusal Right granted hereunder shall be contingent on all of the following:

   a. **General Partner and Special Limited Partner.** As to the Project Option and the Partnership Interest Option, the Special Limited Partner shall have remained in good standing as a special limited partner of the Partnership without the occurrence of any event described in Section 10.6 of the Partnership Agreement that has not been cured as provided in Section 10.6(b) of the Partnership Agreement. As to the Refusal Right and the Subordinate Partnership Interest Option, the General Partner shall have remained in good standing as general partner of the Partnership without the occurrence of any event described in Section 10.6 of the Partnership Agreement that has not been cured as provided in Section 10.6(b) of the Partnership Agreement.

   b. **Regulatory Agreements.** Either (i) the Regulatory Agreements shall have been entered into and remained in full force and effect, and those Use Restrictions to be contained therein, shall have remained unmodified as to material terms affecting the affordability of the Project or income eligibility standards therein (unless the Consenting Limited Partner has approved a modification in writing), or (ii) if the Regulatory Agreements are no longer in effect due to reasons other than a default thereunder by the Partnership, such Use Restrictions, as so approved and unmodified, shall have remained in effect by other means and shall continue in effect by means of covenants recorded against the property.
c. Performance by the General Partner and Special Limited Partner of the Services. The General Partner, Special Limited Partner and Grantee shall have performed the Services set forth in the recitals of this Agreement. The General Partner, Special Limited Partner and Grantee shall have been deemed to have performed the Services upon the completion of all of the following:

(i) the admission of the Consenting Limited Partner to the Partnership;

(ii) the closing of all permanent loans secured by the Project, as described in the Partnership Agreement;

(iii) the acquisition of all of the real property comprising the Project by the Partnership; and

(iv) the receipt by the Partnership of all Forms 8609 to be issued in connection with the Project, evidencing the low-income housing tax credits projected to be delivered by the Project (as adjusted in any revised Projections prepared in accordance with Section 6.9 of the Partnership Agreement).

If any or all of such conditions precedent have not been met, the Options and the Refusal Right shall not be exercisable. Upon any of the events terminating the Options or the Refusal Right under Sections 9.5 and 9.6 of the Partnership Agreement, terminating either the General Partner as a general partner or the Special Limited Partner as a special limited partner, respectively, of the Partnership under Article 10 of the Partnership Agreement, or affecting the Regulatory Agreement as described in this Paragraph 5, the Options and the Refusal Right shall be void and of no further force and effect as to the Partner to which such terminating event has occurred.

6. Exercise of Refusal Right or Options and Priority.

a. Refusal Right. The Refusal Right may be exercised by Grantee only by complying in full with the following: (i) Grantee shall give written notice of its intent to exercise the Refusal Right delivered to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, and (ii) Grantee shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Refusal Right shall (I) be given no later than thirty (30) days after Grantee has received the Partnership’s Notice of Refusal Right; provided, however, if Grantee has not received the Partnership’s Notice of Refusal Right on or before the end of the fourteenth (14th) year of the Compliance Period, Grantee’s Refusal Right shall be terminated (the “Refusal Right Termination Date”), and (II) specify a closing date within one hundred eighty (180) days immediately following the end of the Compliance Period.

b. Options. At any time during the final year of the Compliance Period, the Special Limited Partner may indicate its intent to exercise the Project Option by complying in full with the following: (i) the Special Limited Partner shall give written notice of the Special Limited Partner’s intent to exercise the Project Option, with such notice to be executed by the Special Limited Partner to the Partnership in the manner provided in the Partnership Agreement and in
compliance with the requirements of this Paragraph 6, the Special Limited Partner hereby acknowledging that any such notice that is not executed by the Special Limited Partner shall be deemed null and void, and (ii) the Special Limited Partner shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Project Option shall be given only during the final year of the Compliance Period, and shall specify that the Special Limited Partner’s purchase pursuant to the Project Option shall become effective as of the final day of the Compliance Period.

Immediately following the Partnership’s receipt of an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, or at any time following the end of the Compliance Period, the Partnership Interest Option may be exercised by the Special Limited Partner only by complying in full with the following: (i) the Special Limited Partner shall give written notice of the Special Limited Partner’s intent to exercise the Partnership Interest Option, such notice to be executed by the Special Limited Partner to the Partnership in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, the Special Limited Partner hereby acknowledging that any such notice that is not executed by the Special Limited Partner shall be deemed null and void, and (ii) the Special Limited Partner shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Partnership Interest Option shall be given no later than thirty (30) days after the triggering event, if any, and shall specify a closing date within ninety (90) days after the notice of intent. In the event that following the Partnership’s receipt of an offer from an unrelated third party to purchase the Project or the Limited Partner’s limited partnership interest which the Limited Partner wishes to accept, in its sole discretion, the Special Limited Partner declines or fails to exercise its Partnership Interest Option within the timeframe set forth above, then the Grantee may exercise its Subordinate Partnership Interest Option. The Subordinate Partnership Interest Option may be exercised by the Grantee only by complying in full with the following: (i) the Grantee shall give written notice of the Grantee’s intent to exercise the Subordinate Partnership Interest Option, such notice to be delivered to the Partnership and each of its Partners in the manner provided in the Partnership Agreement and in compliance with the requirements of this Paragraph 6, the Grantee hereby acknowledging that any such notice that is not executed by the Grantee shall be deemed null and void, and (ii) the Grantee shall comply with the contract and closing requirements of Paragraph 8 hereof. Any such notice of intent to exercise the Subordinate Partnership Interest Option shall be given no later than thirty (30) days after the Special Limited Partner fails or declines to exercise its Partnership Interest Option, and which shall specify a closing date within ninety (90) days after the triggering event.

In the event of any claim, demand, dispute, lawsuit or lien arising in connection with the propriety of any exercise or purported exercise of the Refusal Rights or the Options, as applicable, either the Special Limited Partner (if the Project Option or the Partnership Interest Option is in issue) or Grantee (if Right of Refusal or the Subordinate Partnership Interest Option is in issue) shall indemnify, hold harmless and defend the Partnership and the Consenting Limited Partner against any and all costs, expenses and fees, including reasonable attorneys’ fees, incurred in connection with any such claim, demand, dispute, lawsuit or lien.
(c) **Expiration; Priority.** If the foregoing requirements and those set forth in Paragraph 8 hereof are not met as and when provided herein, the Options or the Refusal Right, or all of them, as applicable, shall expire and be of no further force or effect. Upon notice by the Special Limited Partner or Grantee of the Special Limited Partner's or Grantee's intent to exercise the Options or Refusal Right, as applicable, all of the other rights shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Project or the Limited Partner's Partnership Interest, as the case may be, pursuant to such notice, all of the other rights shall expire and be of no further force or effect, provided that in the event that the Options and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, the Special Limited Partner or Grantee in its assignment, or such parties by written agreement, may specify any other order of priority consistent with the other terms and conditions of this Agreement.

7. **Determination of Price.** Upon notice by the Special Limited Partner or Grantee of its intent to exercise one of the Options, or notice by Grantee of its intent to exercise the Refusal Right, the Partnership and either the Special Limited Partner or Grantee, as applicable, shall exercise best efforts in good faith to agree on the purchase price for the Project or the Limited Partner's Partnership Interest, as the case may be. Any such agreement shall be subject to the prior written consent of the Consenting Limited Partner, which shall not be withheld as to any purchase price determined properly in accordance with this Agreement.

8. **Contract and Closing.**

   a. Upon determination of the purchase price, the Partnership and the Special Limited Partner, in the case of exercise of the Project Option or the Partnership Interest Option, or the Partnership and Grantee, in the case of exercise of the Refusal Right or the Subordinate Partnership Interest Option, shall enter into a written contract for the purchase and sale of the Project or the Partnership Interest, as the case may be, in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area in which the Project is located, providing for a closing not later than the date specified in the notice of intent to exercise the Option or the Refusal Right, as applicable, or thirty (30) days after the purchase price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of any one of the Options or the Refusal Right, as applicable. The purchase and sale hereunder shall be closed (i) with respect to the Options or Right of First Refusal, through a deed-and-money escrow with the title insurer for the Project or another mutually acceptable title company; and (ii) with respect to the Partnership Interests, through an agreement providing for the assignment of such interests on terms mutually agreeable to the applicable parties.

   b. It shall be a condition precedent to the exercise of an Option with a closing date prior to the end of Compliance Period that the Special Limited Partner and Grantee (i) covenant and agree to maintain the Project as a qualified low-income housing project for the balance of the Compliance Period, (ii) satisfy all requirements of any bond or loan document affecting the Project applicable to such exercise of the Option, and (iii) obtain the consent of the Consenting Limited Partner (which shall include its tax counsel), in its sole discretion, for such exercise of the Option with a closing date prior to the end of the Compliance Period.
c. It shall be a condition precedent of closing any transaction hereunder that the Partnership shall have received consent for such transaction from the State Housing Finance Agency, if required.

9. Assignment. If the Special Limited Partner elects not to exercise any of its rights under Section 1 of this Agreement, then, subject to the rights of the Grantee with regard to the Subordinate Partnership Interest Option, the Special Limited Partner may assign all or any of its rights under Section 1 of this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h)(5)(C) of the Code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Project (each a “Permitted Assignee”) that demonstrates its ability and willingness to maintain the Project as low-income housing in accordance with the Use Restrictions, subject to the prior written consent of the Consenting Limited Partner, which shall not be unreasonably withheld if the proposed assignee demonstrates that it is reputable and creditworthy and is a capable, experienced owner and operator of residential rental property, and subject in any event to the conditions precedent to the Refusal Right grant and the Option prices set forth in Paragraphs 2 and 4 hereof.

Prior to any assignment or proposed assignment of its rights hereunder, the assigning party shall give written notice thereof to the Partnership, the other Partners, Grantee, and the Consenting Limited Partner. Upon any permitted assignment hereunder to any entity described hereinafter, references in this Agreement to Grantee shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of a Grantee’s rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of the assigning Grantee’s obligations under this Agreement and copies of such written agreement are delivered to the Partnership, the Partners, Grantee and the Consenting Limited Partner. This Agreement shall be binding upon the Limited Partner’s successors and assigns. Except as specifically permitted herein, Grantee’s rights hereunder shall not be assignable.

10. Miscellaneous. This Agreement shall be liberally construed in accordance with the laws of the state in which the Project is located in order to effectuate the purposes of this Agreement. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement. Neither this Agreement nor any memorandum or notice hereof shall be recorded. Capitalized terms not otherwise defined in this Agreement shall have the meaning given to such terms in the Partnership Agreement. The parties intend to fully comply with the Partnership’s obligations to the State Housing Finance Agency; accordingly, in the event of a conflict between this Agreement and the LURA, the LURA shall control.

11. Interpretation. If any provision, paragraph, sentence, clause, phrase, or word of this Agreement, or the application of any thereof, in any circumstance, is deemed invalid or unenforceable, such unenforceability or invalidity shall not affect the validity of the remainder of this Agreement, which shall be construed as if such invalid or unenforceable part were never included herein.
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth hereinabove.

PARTNERSHIP:

By: EVERGREEN ROWLETT SENIOR COMMUNITY, L.P., a Texas limited liability company, its general partner

By: LifeNet Community Behavioral Healthcare, its sole member

By: 
Name: Gary Keep
Its: President

GRANTEE OF REFUSAL RIGHT AND SUBORDINATE PARTNERSHIP INTEREST OPTION:

LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas nonprofit corporation

By: 
Name: Gary Keep
Its: President

GRANTEE OF PROJECT OPTION AND PARTNERSHIP INTEREST OPTION:

CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company

By: Bradley E. Perslund, Manager

CONSENTING LIMITED PARTNER:

NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee

By: 
Name: 
Its: 

Purchase Option and ROFR (Rowlett) – Signature Page
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth hereinabove.

PARTNERSHIP:
By: EVERGREEN ROWLETT SENIOR COMMUNITY, L.P., a Texas limited liability company, its general partner
By: LifeNet Community Behavioral Healthcare, its sole member
By: ____________________________
Name: Gary Keep
Its: President

GRANTEE OF PROJECT OPTION AND PARTNERSHIP INTEREST OPTION:
CHURCHILL SENIOR RESIDENTIAL, LLC, a Texas limited liability company
By: Bradley E. Forslund, Manager

GRANTEE OF REFUSAL RIGHT AND SUBORDINATE PARTNERSHIP INTEREST OPTION:
LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas nonprofit corporation
By: ____________________________
Name: Gary Keep
Its: President

CONSENTING LIMITED PARTNER:
NEF ASSIGNMENT CORPORATION, an Illinois not-for-profit corporation, as nominee
By: ____________________________
Name: Karen Przybylski
Its: Senior Vice President

Purchase Option and ROFR (Rowlett) – Signature Page
EXHIBIT B

FORM OF FINAL LIEN WAIVER AND RELEASE
AFFIDAVIT, UNCONDITIONAL FINAL LIEN WAIVER AND RELEASE

The undersigned, , as "Contractor" under the contract ("Contract") by and between the undersigned and ("Owner"), has furnished or caused to be furnished labor or materials, or both, for the construction of the premises owned by Owner which is located at: ; and known as ("Project");

The undersigned hereby certifies that the amount due under the Contract is $ -0- including all retainage claims and that the Contract has been paid in full; and

The undersigned does hereby release the Owner of all claims, demands and actions arising out or in connection with the Project. In addition, the undersigned does hereby waive and release any lien or right to lien the Project, including any buildings and improvements, on account of any and all labor or materials, or both furnished for or incorporated into the Project; and

The undersigned certifies to Owner that all subcontractors or suppliers of labor, services, material or equipment used, engaged or employed by the undersigned directly or indirectly, have been paid in full. The undersigned does hereby acknowledge full performance by the Owner of all obligations due or owing to the undersigned under the Contract and other agreements;

The undersigned further represents that all portions of work furnished and materials installed are in accordance with the Contract and that the terms of the Contract with respect to the any guarantees will hold for the period specified therein.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID, USE A CONDITIONAL RELEASE FORM.

Date: ___________, 201__

CONTRACTOR:

By: ___________________________________________
Name: ________________________________________
An Authorized Agent

State of ________________
County of ________________

SUBSCRIBED AND SWORN to before me, the above described person personally appeared and known to me, acknowledged that s/he signed this document as the authorized agent or officer of the Contractor this _____ day of ________________, 201__.

Name: ____________________________
Notary Public
My Commission Expires:____________________
EXHIBIT C

FORM OF GENERAL PARTNER CERTIFICATION
GENERAL PARTNER CERTIFICATION

THIS CERTIFICATION is made and delivered pursuant to that certain Amended and Restated Limited Partnership Agreement (the "Partnership Agreement") of EVERGREEN ROWLETT SENIOR COMMUNITY, L.P. (the "Partnership"), between the undersigned as General Partner and NEF Assignment Corporation, as nominee, as Limited Partner, dated April 19, 2016 (unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to such terms in the Partnership Agreement).

In accordance with Section 3.2(c) of the Partnership Agreement and as an inducement to the Limited Partner to fund [the Project Equity] [and] [the Non-Deferred Development Fee Equity] portion[s] of the _________ Installment of the Limited Partner's Capital Contribution, the undersigned General Partner hereby certifies to the Limited Partner as follows:

(i) The General Partner has fully complied with all of its covenants and obligations set forth in the Partnership Agreement (including, without limitation, those covenants and obligations set forth in Section 6.3 of the Partnership Agreement);

(ii) The representations and warranties of the General Partner set forth in the Partnership Agreement are true and correct as of the date of funding of the Capital Contribution payments described above (including, without limitation, those set forth in Section 6.3 of the Partnership Agreement);

(iii) The General Partner has fully complied with its obligation to furnish the Limited Partner with any reports or other information, in satisfactory form, required to be provided by the General Partner pursuant to Article 8 of the Partnership Agreement, it being acknowledged and agreed that any penalty assessed against the General Partner under Section 8.6.1 for late delivery of reports shall be payable by the General Partner to the Limited Partner from any installment of the Development Fee payable under Section 3.2, and the Limited Partner shall be entitled to deduct and pay such penalty amount from any installment due under Section 3.2 and the amount so deducted and applied shall be deemed for all intents and purposes to have been applied toward payment of the Development Fee; and

(iv) There has been no, and there is no imminent nor threatened, material adverse change in the General Partner's financial or business condition or operations that affects (or with the passage of time will affect) its ability to perform its obligations under the Partnership Agreement.

The General Partner acknowledges that the due date for payment of the Installment specified above shall be not more than thirty (30) days nor less than ten (10) business days from the date that the Limited Partner confirms that all of the conditions related to the payment of such Installment as set forth in Section 3.2 of the Partnership Agreement have been satisfied.

IN WITNESS WHEREOF, the undersigned General Partner has made and delivered this Certificate as of the _____ day ________, 20___.

[GENERAL PARTNER]

By: ___________________________
Name: _________________________
Title: __________________________
EXHIBIT D

DEVELOPMENT FEE AGREEMENT
This Development Fee Agreement (this “Agreement”) is made as of the 19th day of April, 2016, by and between Evergreen Rowlett Senior Community, L.P., a Texas limited partnership (the “Partnership”), and Churchill Senior Communities, L.P., a Texas limited partnership (“Churchill”) and LifeNet Community Behavioral Healthcare, a Texas nonprofit corporation (“LifeNet,” and, collectively with Churchill, the “Developer”).

WHEREAS, the Evergreen Rowlett Senior Community GP, LLC, a Texas limited liability company (the “General Partner”), Churchill Senior Residential, LLC, a Texas limited liability company (the “Special Limited Partner”) and NEF Assignment Corporation, an Illinois not-for-profit corporation, as nominee (the “Limited Partner”), contemplate entering into, or concurrently with the execution and delivery of this Agreement are entering into, that certain Amended and Restated Limited Partnership Agreement forming the Partnership or continuing it by amending and restating a prior partnership agreement (said Limited Partnership Agreement, together with any amendments that may be executed by the parties thereto from time to time, being referred to hereinafter as the “Partnership Agreement”) for the purposes of acquiring, rehabilitating or constructing, financing, operating, managing, leasing, and otherwise dealing with the real estate described therein, in significant part as low-income rental housing (the “Project”); and

WHEREAS, the Developer has performed certain services related to the development of the project, and will continue to perform development services to the Partnership pursuant to the terms and conditions described herein and in the contemplated Partnership Agreement, upon execution thereof; and

WHEREAS, the Developer and the Partnership wish to enter into this Agreement describing the scope of such development services performed and to be performed by the Developer, for which Developer is entitled to receive payment of a development fee, subject to the terms and conditions contained herein and in the Partnership Agreement, upon execution thereof; and

WHEREAS, terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Partnership Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do agree as follows:

1. Development Services. Developer shall provide to the Partnership all development services necessary and advisable to facilitate the construction and/or rehabilitation of the Project. These development services shall include those services specified in the Partnership Agreement, upon execution thereof, such other related development services as the Partnership may reasonably request in connection therewith, and those services more fully described in Schedule A of this Agreement (collectively, the “Development Services”). Prior to
the date hereof, Developer completed performance of those Development Services more fully described as Items a. through e. in Schedule A of this Agreement and earned and accrued 20% of the entire Development Fee described in the following Section 2 of this Agreement as of the date hereof. The remainder of the Development Fee will be earned, pro rata, as the Development Services are provided, and the entire Development Fee will be earned by Construction Completion.

2. **Development Fee.** In consideration of the Developer’s performance of the Development Services, the Partnership shall pay to the Developer a total development fee in the amount of $2,223,474 pursuant to Section 3.2 of the Partnership Agreement (“Development Fee”), which payment shall be made as provided in the foregoing Section 1 hereof and, upon execution of the Partnership Agreement, in the manner described therein and shall be subject to the limitations set forth therein. When the Limited Partner’s First Installment is paid to the Partnership pursuant to the Partnership Agreement, Churchill shall receive 100.00% of the Development Fee paid at that time. The parties hereto further agree that additional Development Fee payments shall be paid by the Partnership directly to Churchill and LifeNet in the following proportions: 2.86% to LifeNet and 97.14% to Churchill, until such time as LifeNet has received Development Fees in the total amount of $63,673.70 (not including the Supplemental Development Fee described in Section 3 below). Thereafter, all remaining unpaid Development Fees will be paid to Churchill.

3. **Supplemental Development Fee.** As additional consideration for LifeNet’s performance of the Development Services, upon execution of the Partnership Agreement, the Partnership shall pay LifeNet a supplemental development fee of $50,000.00 (“Supplemental Development Fee”), payment of which fee shall be paid as provided in the foregoing Section 1 hereof and, upon execution of the Partnership Agreement, in the manner described therein and shall be subject to the limitations set forth therein.

4. **Conflicts.** This Agreement is made subject to the terms and conditions of the Partnership Agreement, and in the event of any conflict or inconsistency between this Agreement and the Partnership Agreement, upon execution thereof, the Partnership Agreement shall govern and control. Nothing contained in this Agreement shall be deemed in any way to limit or reduce the obligations and liabilities (including, without limitation, all guaranty obligations) imposed by the Partnership Agreement on the general partner or any sponsor identified therein.

5. **Termination.** From and after the date the Partnership Agreement is executed by the Partners, this Agreement shall be terminable at the election of the Limited Partner and the Partnership shall have no obligation to make any further payment of the Development Fee, except as expressly provided in Section 6.5.7 of the Partnership Agreement, if the General Partner or Special Limited Partner is removed from the Partnership pursuant to the terms of the Partnership Agreement; provided that such removal shall affect the payment of the Development Fee only to the Developer that is an Affiliate of the Partner being removed and not the other Developer.

6. **No Assignment.** Neither the Partnership nor the Developer may assign all or any portion of its respective right, title, and interest in this Agreement or its duties and obligations hereunder, except as may be required in connection with the issuance of the Construction Loan.
7. **Third-Party Beneficiary.** The Limited Partner is an intended third-party beneficiary of this Agreement.

8. **Amendments.** This Agreement is subject to amendment only with the written consent of the Developer and the Limited Partner.

9. **Interpretation.** If any provision, paragraph, sentence, clause, phrase, or word of this Agreement, or the application of any thereof, in any circumstance, is deemed invalid or unenforceable, such unenforceability or invalidity shall not affect the validity of the remainder of this Agreement, which shall be construed as if such invalid or unenforceable part were never included herein.

[Remainder of Page Intentionally Left Blank]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

DEVELOPER:
CHURCHILL SENIOR COMMUNITIES, L.P., a Texas limited partnership

By: Churchill Senior Residential, LLC, a Texas limited liability company, its general partner

By: [Signature]
Name: Bradley E. Forslund
Its: Manager

LIFENET COMMUNITY BEHAVIORAL HEALTHCARE, a Texas nonprofit corporation

By: [Signature]
Name: Gary Keep
Its: President

PARTNERSHIP:
EVERGREEN ROWLETT SENIOR COMMUNITY, L.P., a Texas limited partnership

By: Evergreen Rowlett Senior Community GP, LLC, its general partner

By: LifeNet Community Behavioral Healthcare, its sole member

By: [Signature]
Name: Gary Keep
Its: President
DEVELOPMENT FEE AGREEMENT

SCHEDULE A

Developer has performed or shall perform, and shall continue to perform, the following non-exclusive list of services to the Partnership in connection with the development of the Project:

a. prepare a business plan for the development of the Project, which shall be approved in writing by the Limited Partner and set forth in the financial projections described in the Partnership Agreement;

b. procure all required construction and rehabilitation financing and ensure that the obligations of the Partnership in connection with such financing are fully and faithfully performed;

c. select the Project architect, general contractor, construction manager (if any), and all other parties rendering services to the Partnership in connection with the rehabilitation or construction of the Project and represent the Partnership in the negotiation and administration of the contracts between the Partnership and such parties;

d. cause the Partnership to obtain all governmental approvals required in connection with the rehabilitation or construction of the Project;

e. obtain and maintain community and neighborhood approval of the Project;

f. obtain and maintain on behalf of the Partnership all insurance coverages that the general partner is required to maintain during the Project development period;

g. cause the Project to be rehabilitated or constructed in accordance with the rehabilitation or construction schedule set forth in the projections and maintain all records required to obtain all available tax benefits in connection with such rehabilitation or construction work;

h. adhere to the development budget and the schedule contemplated therein for the development of the Project, in order to achieve the financial projections;

i. notify the Limited Partner in writing of any facts, circumstances, or intended actions by Developer that constitute or would constitute a material deviation from the business plan, financial projections, or budget approved by the Limited Partner for the development of the Project;

j. furnish the Limited Partner with monthly and quarterly status reports during the Project development period in accordance with the Partnership Agreement;

k. ensure that all violations of building, zoning, fire, health, environmental, and other codes or laws are corrected during the course of the rehabilitation or construction work; and
1. ensure that all other obligations and responsibilities imposed on the general partner under the Partnership Agreement with respect to the development of the Project are satisfied.
EXHIBIT E

GUARANTY AGREEMENT
GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this “Guaranty”) is made as of this 19th day of April, 2016, by CHURCHILL SENIOR COMMUNITIES, L.P., a Texas limited partnership (the “Guarantor”), to and for the benefit of EVERGREEN ROWLETT SENIOR COMMUNITY, L.P., a Texas limited partnership (the “Partnership”) and NEF ASSIGNMENT CORPORATION, an Illinois-not-for-profit corporation, as nominee (the “Limited Partner”). The Partnership consists of Evergreen Rowlett Senior Community GP, LLC, a Texas limited liability company, as general partner (the “General Partner”), Churchill Senior Residential, LLC, a Texas limited liability company, as special limited partner (the “Special Limited Partner”) and the Limited Partner, as limited partner.

WITNESSETH:

WHEREAS, the Partnership is being continued concurrently herewith, pursuant to an Amended and Restated Limited Partnership Agreement of the Partnership dated as of the date hereof (the “Partnership Agreement”), for the purposes of acquiring, rehabilitating or constructing, financing, operating, managing, leasing, and otherwise dealing with the real estate described therein, in significant part as low-income rental housing (the “Project”); and

WHEREAS, capitalized terms appearing in this Guaranty and not otherwise defined herein shall have the meanings assigned to such terms in the Partnership Agreement; and

WHEREAS, the General Partner and/or its affiliate(s) are to receive substantial fees as payment for certain services rendered or to be rendered to the Partnership in accordance with the Partnership Agreement, as well as a general partner interest in the Partnership, and the Guarantor will receive payment of certain fees in connection with and otherwise substantially and materially benefit from these transactions; and

WHEREAS, Guarantor wishes to induce the Limited Partner to invest in the Partnership; and

WHEREAS, in reliance on the obligations of the General Partner and the Guarantor to be performed under the Partnership Agreement and this Guaranty, the Limited Partner is investing substantial equity for a limited partner interest in the Partnership; and

WHEREAS, the Limited Partner requires the execution and delivery of this Guaranty as a condition of its execution and delivery of the Partnership Agreement and investment in the Partnership, but for which the aforesaid fees and general partner interest would not be paid or granted, and the General Partner and the Special Limited Partner have caused the Guarantor to execute and deliver this Guaranty; and

WHEREAS, the Guarantor acknowledges that the Partnership and the Limited Partner are the intended beneficiaries of this Guaranty.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:
1. Guaranteed Obligations. The Guarantor hereby irrevocably and unconditionally guarantees the General Partner’s and the Special Limited Partner’s full, faithful and timely performance of all of their respective obligations under the Partnership Agreement (collectively, the “Guaranteed Obligations”), including, without limitation, the General Partner’s Partnership management duties, its development completion and operating deficit guaranties, its guaranties with respect to payment for reduced and delayed tax credits and its repurchase obligations.

2. Guaranty Funding. No later than ten days after notice from the Partnership or Limited Partner, the Guarantor shall pay to the Partnership or the Limited Partner, in accordance with such notice, all funds that are necessary to ensure full compliance with this Guaranty, including any compensation due to the Limited Partner under the Partnership Agreement for damages resulting from noncompliance, and shall further pay any and all expenses (including without limitation attorneys’ fees) incurred by the Partnership and/or the Limited Partner in the enforcement of this Guaranty and the preparation therefor, whether or not an action or proceeding to enforce the same shall have been instituted. By executing and delivering this Guaranty, the Guarantor acknowledges and agrees to comply with the terms and conditions of the Partnership Agreement, to the extent applicable to it in the performance of its obligations under this Guaranty, and to be bound by the provisions thereof.

3. Guaranty of Payment. The guaranty made hereunder is of payment and not of collection, and Guarantor waives any right to require that any action be brought against the General Partner, the Special Limited Partner, or any other person liable for performance or payment of any of the Guaranteed Obligations or that resort first be had to any other security therefor.

4. Enforcement. In any right of action that may accrue to the Partnership by reason of any obligations guaranteed hereunder, the Partnership and/or the Limited Partner, may, at its option, proceed against (a) the Guarantor, together with the General Partner and the Special Limited Partner, (b) the Guarantor, the Special Limited Partner, and the General Partner individually, or (c) the Guarantor only, without having first proceeded against the General Partner, the Special Limited Partner, or any other person or entity. If there is more than one Guarantor, General Partner, or Special Limited Partner, each of the foregoing remedies may be enforced by the Partnership and/or the Limited Partner against any one or more or all of them. Prior to filing any action against the Guarantor to enforce the guaranty made hereunder, excluding any action to enforce Guarantor’s funding obligations under Paragraph 2 hereof, the Partnership and/or the Limited Partner shall first give the General Partner, Special Limited Partner, and the Guarantor a reasonable period of notice with an opportunity to cure any failure to perform as required hereunder, which shall be at least ten days except in case of emergency, provided that the Partnership or the Limited Partner may terminate the cure period at any time if the Partnership and/or Limited Partner determines that the Guarantor has failed to exercise diligent, continuous efforts to effect a cure.

5. Waiver by Guarantor. Guarantor hereby waives (a) notice of acceptance of this Guaranty; (b) any and all other notices to which Guarantor might otherwise be entitled except as required herein; (c) any and all defenses arising by reason of any disability of the General Partner or the Special Limited Partner or any defense of any other person or entity; (d) any and all rights to extension, composition, election with respect to any collateral under any provision of the
Federal Bankruptcy Code, as now existing or hereafter amended from time to time, or any other
developer's or guarantor's remedy thereunder or under any other federal or state law affecting
creditors' rights; (e) diligence in any attempt to enforce the obligations guaranteed hereby, to
realize upon any other security therefor, or to collect from whomsoever any amount, the payment
of which is guaranteed hereby, and any right to require that any action be brought against the
General Partner or any other person or entity or to require that resort first be had to any such
security; (f) protection of any such security for the payment of the obligations guaranteed hereby;
and (g) the observance of any and all formalities that might otherwise be required to charge
Guarantor with liability hereunder.

6. **Liquidity.** The Guarantor shall maintain at all times until Construction
Completion has occurred, liquid assets (defined as cash or an asset that is readily convertible into
cash, such as a marketable security or a certificate of deposit with a term of less than 12 months)
in an aggregate, collective, unrestricted amount of at least $500,000 and a minimum net worth of
$1,000,000. Following Construction Completion and until Permanent Loan conversion, the
Guarantor shall maintain liquid assets in the aggregate, collective, unrestricted amount of at least
$350,000. Following Permanent Loan conversion and until the end of the Operating Deficit
Guaranty Period, the Guarantor shall maintain liquid assets in the aggregate, collective,
unrestricted amount of $250,000.

7. **Partnership's Rights.** The Partnership may, at any time and from time to time,
with or without the consent of, or notice to, Guarantor, and without incurring responsibility or
liability to Guarantor or impairing or releasing the obligations of Guarantor hereunder:

   a. change the manner, place, or terms of performance or payment of, or
      renew, replace, extend, or otherwise modify any document now or hereafter creating,
      securing, or governing the disbursement of any of the Guaranteed Obligations (including
      without limitation the Partnership Agreement) other than this Guaranty;

   b. sell, exchange, release, surrender, realize upon, or otherwise deal with, in
      any manner and in any order, any property by whomsoever and whenever pledged to
      secure, or howsoever securing, any of the Guaranteed Obligations or any liability
      (including without limitation any of those hereunder) incurred directly or indirectly in
      respect thereof or hereof, or any offset there against;

   c. exercise or refrain from exercising, for any period of time whatsoever, any
      rights against the General Partner, the Special Limited Partner, or others (including
      without limitation Guarantor) available to the Partnership and/or Limited Partner by law
      or under any document now or hereafter creating any of the Guaranteed Obligations, any
      other security therefor, or any liability (including without limitation any of those
      hereunder) incurred directly or indirectly in connection therewith or herewith (including
      without limitation failing to attempt to collect any of the Guaranteed Obligations);

   d. settle or compromise any of the Guaranteed Obligations, any security
      therefor, or any liability (including without limitation any of those hereunder) incurred
      directly or indirectly in connection therewith or herewith;
e. accept any further security for payment of the Guaranteed Obligations in addition to this Guaranty; and

f. perform such other acts as may be permitted under the Partnership Agreement.

8. **Covenants, Representations and Warranties.** Guarantor makes the following covenants, representations and warranties, acknowledging that, but for the truth and accuracy of the following representations and warranties which shall be given as of the date hereof and shall be deemed to be given as of each date hereafter throughout the term of this Guaranty, the Limited Partner would not have agreed to acquire a limited partner interest in the Partnership:

a. the execution, delivery and performance by Guarantor of this Guaranty does not and will not contravene or conflict with any law, order, rule, regulation, writ, injunction or decree now in effect of any government, governmental instrumentality or court or tribunal having jurisdiction over Guarantor or any contractual restriction binding on or affecting Guarantor;

b. there are no facts or circumstances of any kind or nature whatsoever known or which should be known to Guarantor that could in any way impair or prevent Guarantor from performing its obligations under this Guaranty;

c. all financial information with respect to Guarantor that Guarantor has given to the Partnership or the Limited Partner in connection with the transactions contemplated in this Guaranty and in the Partnership Agreement fairly and accurately present its financial condition and results of operations as of the date thereof and for the period indicated therein; since the date thereof, there has been no material adverse change in the financial condition or, if applicable, results of operations of Guarantor; and Guarantor shall notify the Partnership and the Limited Partner of any material adverse change in the financial condition or, if applicable, results of operations of Guarantor within thirty (30) days after the occurrence of such change;

d. with the assistance of counsel of its choice, Guarantor has read and reviewed this Guaranty, the Partnership Agreement and such other documents as it and its counsel deem necessary or desirable to read;

e. Guarantor is a Texas limited partnership validly existing and in good standing under the laws of the jurisdiction of its formation (and all other jurisdictions where its failure to be so qualified would have a material adverse effect on its financial condition or results of operations) and has the full power and authority to enter into and perform its obligations under this Guaranty; and

f. this Guaranty has been duly authorized, executed and delivered on behalf of Guarantor and is fully enforceable against Guarantor in accordance with its terms.

9. **Events of Default.** Each of the following shall constitute an event of default (referred to herein as an "Event of Default"), whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment
or order of any court of any order, rule or regulation of any governmental or nongovernmental body:

a. failure to make any payment due under Paragraph 2 hereof within ten (10) days after demand for payment;

b. any representation or warranty made by Guarantor under this Guaranty or any other agreement, report, certificate, financial statement or other instrument referred to in and furnished to the Partnership or the Limited Partner in connection with this Guaranty shall prove incorrect or misleading in any material respect when made or when deemed to have been made;

c. any default by Guarantor in the performance or observance of any agreement or covenant contained in this Guaranty and the continuation of such default beyond any applicable notice and cure period described in Paragraph 4 hereof;

d. the occurrence of any one or more of the following: the filing by Guarantor of a petition for the appointment of a trustee with respect to itself, himself or any of its or his property; the making by Guarantor of an assignment for the benefit of creditors; the commencement by Guarantor of a case in bankruptcy or insolvency or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; the failure of Guarantor to obtain the dismissal, within sixty (60) days after service upon Guarantor of any case commenced against Guarantor (i) for the appointment of a trustee for Guarantor, or any of its property or (ii) in bankruptcy or insolvency or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors; or the failure of Guarantor to generally pay its or his material debts as such debts become due; or

e. the making or attempted making by Guarantor of a fraudulent transfer within the meaning of the Uniform Fraudulent Transfers Act.

10. **Subrogation.** Until the Guaranteed Obligations have been performed and paid in full, the Guarantor shall have (a) no right of subrogation against the General Partner or the Special Limited Partner in connection with this Guaranty and any payments made by the Guarantor hereunder and (b) no right to participate in realization upon any security for any of the Guaranteed Obligations.

11. **Subordination.** Any indebtedness of the General Partner, the Special Limited Partner, and/or the Partnership to the Guarantor now or hereafter existing is hereby subordinated to the General Partner's performance of the Guaranteed Obligations and Guarantor's obligations under this Guaranty. Any such indebtedness of the General Partner, Special Limited Partner, and/or the Partnership to Guarantor, upon written demand of the Partnership or the Limited Partner, shall be collected and received by Guarantor in trust for the Partnership and shall be paid over to the Partnership or the Limited Partner on account of the Guaranteed Obligations without impairing or releasing the obligations of Guarantor hereunder, provided that while no default exists in the payment of the Guaranteed Obligations, Guarantor may apply to its own account
any payments made to it on account of any indebtedness of the General Partner, the Special Limited Partner, and/or the Partnership to Guarantor.

12. **Absolute Guaranty.** This Guaranty is an absolute, irrevocable, present, and continuing one, and the Limited Partner's agreement to acquire a limited partner interest in the Partnership shall be conclusively presumed to have been made in reliance hereon.

13. **Primary Obligation.** This Guaranty is a primary obligation of Guarantor. No irregularity, unenforceability, or invalidity of any of the documents creating the Guaranteed Obligations or of any other document, item, matter, action, or circumstance shall impair, release, or be a defense to this Guaranty.

14. **Defenses.** Guarantor has no, or hereby waives any, present defense whatsoever to any action or proceeding at law or otherwise that may be instituted on this Guaranty, except for any defense other than disability that the General Partner or the Special Limited Partner may have at law or under the Act.

15. **Limited Partner Enforcement.** In the event the General Partner or the Special Limited Partner fails to perform any of the Guaranteed Obligations and the Partnership fails to enforce diligently the Guarantor's obligations under this Guaranty, the Limited Partner shall, after giving the General Partner, the Special Limited Partner, and the Guarantor reasonable notice and an opportunity to cure such failure as may be required under Paragraph 4 hereof, have all rights and remedies available to the Partnership hereunder or at law or in equity to enforce the Guarantor's guaranty obligations hereunder and to recover any and all damages for Guarantor's breach thereof.

16. **Notices.** Whenever the Partnership, the General Partner, the Special Limited Partner, the Limited Partner, or the Guarantor desires to give any notice to any other such party, it shall be sufficient for all purposes herein if such notice is personally delivered or sent by a nationally recognized overnight courier or registered or certified United States mail, postage prepaid. Any notice given in the manner provided herein shall be deemed to have been given on the day it is personally delivered, on the next business day following the date given to an overnight courier or three (3) business days after the date it is deposited in the United States mail. The Guarantor's address for receiving notices is set forth beneath the Guarantor's signature on the signature page of this Guaranty and any Guarantor may change its or his address for receiving notice by delivering written notice of such change to the Partnership and the Limited Partner in the manner provided herein. Notices to the Partnership and the Limited Partner shall be addressed in the manner provided in Section 12.1 of the Partnership Agreement.

17. **Governing Law.** The place of execution and delivery of the Partnership Agreement and this Guaranty and the place of performance under the Partnership Agreement being the Project State, this Guaranty shall be construed and enforced according to the laws of that State.

18. **Interpretation.** If any provision of this Guaranty, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstances, is held invalid, the validity of the remainder of this Guaranty shall be construed as if such invalid part were never
included herein. The headings in this Guaranty are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions hereof. As used in this Guaranty, the singular includes the plural, and masculine, feminine, and neuter pronouns are fully interchangeable, where the context so requires.

19. **Multiple Parties.** If there is more than one Guarantor, each of them has executed and delivered this Guaranty; references herein to “Guarantor” shall mean all such Guarantors, individually and collectively, and their obligations hereunder shall be joint and several. If there is more than one General Partner or Special Limited Partner, each of them is identified on the signature page hereof, and references herein to “General Partner” or “Special Limited Partner” shall mean all such Partners, individually and collectively, and the obligations of each of the Guarantors hereunder shall be joint and several with respect to performance by all such Partners under the Partnership Agreement.

20. **Successors and Assigns.** This Guaranty shall be binding on, and the term “Guarantor,” as used herein, shall include the successors, assigns, legal representatives, and other transferees of Guarantor, including successors by consolidation. This Guaranty shall inure to the benefit of the Partnership’s and the Limited Partner’s successors, assigns, and legal representatives.

21. **Termination.** This Guaranty shall terminate and be of no further force or effect at such time as the Partnership has terminated and all of the Guaranteed Obligations have been fully performed or paid.

22. **Covenants Regarding Ownership.** Guarantor covenants and agrees that, so long as the Limited Partner is a limited partner of the Partnership, Guarantor shall not permit any change in the ownership or management interests in Guarantor held as of the date of this Guaranty by the principals of Guarantor.

23. **Jury Trial Waived.** GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY, ANY OTHER PROJECT DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). GUARANTOR CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER.

(signature page follows)
IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed as of the date first written above.

<table>
<thead>
<tr>
<th>Address for Notices:</th>
<th>GUARANTOR:</th>
</tr>
</thead>
<tbody>
<tr>
<td>5606 N. MacArthur Boulevard, Suite 580 Irving, Texas 75038</td>
<td>CHURCHILL SENIOR COMMUNITIES, L.P., a Texas limited partnership</td>
</tr>
</tbody>
</table>

By: Churchill Senior Residential, LLC, its general partner

By: [Signature]

Name: Bradley E. Forslund
Its: Manager

---

STATE OF TEXAS  
COUNTY OF [Dallas]  

I HEREBY CERTIFY that on this 14th day of April, 2016, before me, a Notary Public in and for said State, personally appeared Bradley E. Forslund, known or identified to me to be the Manager of Churchill Senior Residential, LLC, a Texas limited liability company and general partner of Churchill Senior Communities, L.P., a Texas limited partnership, and acknowledged to me that as such he executed said instrument as his own act and deed and as the act and deed of said limited liability company.

IN WITNESS WHEREOF, I have set my hand and Notarial Seal, the day and year first above written.

[Signature]
Notary Public
My commission expires on ________________________

---

Rowlett - Guaranty Agreement - Signature Page
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(ii)

2019 Uniform Multifamily Application #19009
Existing Development Name Evergreen at Rowlett

ii) Documentation that the Third Party, such as a lender, that has the legal right to withhold a required consent was asked to give their consent (Example: Letter from the Applicant or an Affiliate requesting that the above Third Party give permission that if the 2019 Application is awarded, the Existing Development can be committed to the Section811 PRA Program)

Describe and attach the request made by the Applicant or Affiliate to the Third Party asking for consent:

Email communication asking for approval

______________________________

ATTACH PDF OF THE REQUEST FROM THE APPLICANT OR AFFILIATE TO THE THIRD PARTY BEHIND THIS PAGE.
Brad – unfortunately NEF cannot provide permission to accommodate 811 units in NEF’s existing projects. The attached letter details the reasoning.

If you have any questions or need anything further, please let me know.

Thank you – Jason

Jason Aldridge | Vice President of Originations
NATIONAL EQUITY FUND ®
5332 Longview St.
Dallas, TX 75206
Phone (972) 741-5150

Brad, 

This request is being made as part of our application for tax credits for the 2019 application for Churchill at Golden Triangle. We are requesting permission from National Equity Fund that if Churchill at Golden Triangle is awarded tax credits that one of the following communities can be committed to the Section 811 PRA Program. Section 11.9(c)(6) of the 2019 Qualified Allocation Plan provides further details of the 811 scoring item.

Evergreen at Morningstar, Colony Texas
Churchill at Champions Circle, Fort Worth Texas
Evergreen at Vista Ridge, Lewisville Texas
Evergreen at Arbor Hills, Carrollton Texas
Evergreen at Rowlett, Rowlett Texas

Thanks

Brad

Brad Forslund
Partner
Churchill Residential. Inc.
5605 N. MacArthur Blvd. Suite 580
Irving, Texas 75038
Office: (972)550-7800
Facsimile (972)550-7900
Section 811 Project Rental Assistance ("PRA") Program Supplement Packet
Documentation of Request for Consent Cover Page §11.9(c)(6)(A)(iii)

2019 Uniform Multifamily Application #19009

Existing Development Name: Evergreen at Rowlett

iii) Documentation that the Third Party possessing the legal right to withhold a required consent has provided notice of their decision not to provide a required consent (Example: Letter from the Third Party that they are denying an Existing Development from participation).

Describe and attach the response from the Third Party that was received by the Applicant or Owner that reflects their decision not to provide the requested consent:
Letter stating their reasons for not being able to put 811 into this property

ATTACH PDF OF THE RESPONSE FROM THE THIRD PARTY THAT REFLECTS THEIR DECISION TO DENY THE REQUESTED CONSENT BEHIND THIS PAGE.
February 5, 2019

Brad Forslund
Churchill Residential
5605 N. McArthur Blvd, Ste 580
Irving, TX 75038

Re: Churchill’s 811 Eligible Properties

Dear Mr. Forslund:

National Equity Fund (“NEF”) serves as the Limited Partner and LIHTC investor in five LIHTC properties that are operated by Churchill Residential (“Churchill”) and are eligible for the Section 811 Project Rental Assistance Program (“811”). The five properties are as follows:

- Evergreen at Morningstar – 6245 Morning Star Dr. The Colony, TX
- Churchill at Champions Circle – 3424 Outlet Blvd. Fort Worth, TX
- Evergreen at Vista Ridge – 455 Highland Dr. Lewisville, TX
- Evergreen at Arbor Hills – 2314 Parker Rd. Carrollton, TX
- Evergreen at Rowlett – 5611 Old Rowlett Rd. Rowlett, TX

Churchill has brought to NEF’s attention an inquiry to add 811 units to these existing properties. NEF has a responsibility to its investors to maintain the initial underwriting, operational, and risk profile of these projects contemplated at closing and thus we respectfully deny this request as it would present significant challenges for each project’s stakeholders. NEF’s denial is based on the following:

1. NEF’s LPA Requires Consent to Alter a Project’s Unit Mix/Restrictions for all 5 Churchill projects listed above – To use Evergreen at Rowlett as an example, stated in the Limited Partnership Agreement (LPA) under Section 6.2 Restrictions of GP’s Authority:

   Notwithstanding anything to the contrary contained in this Partnership Agreement, neither the General Partner nor the Special Limited Partner shall have the authority to take any of the actions set forth below without the prior written consent of the Limited Partner and the General Partner shall not have the authority to seek the Limited Partner’s consent if the Special Limited Partner has not previously consented to such action:

   6.2.1 Do any act in contravention of or inconsistent with this Partnership Agreement or any other agreement to which the Partnership is a party (including, without limitation, those relating to the Project Documents, Construction Loan, Permanent Loan and Subordinate Cash Flow Loans);
The documents referenced above spell out the various rent set asides, tenant targeting, operating revenues and expenses, etc. associated with the property – incorporating 811 units constitutes as a change to those documents and thus legally requires NEF’s written approval.

2. Economic Risk – currently none of the Churchill properties listed above include project based vouchers; it would take significant costs to train management, compliance, and accounting personnel to accommodate 811 vouchers as Churchill manages their own properties and thus cannot leverage the knowledge of a larger, third party property management firm. These additional upfront and on-going costs were not initially contemplated and underwritten at project closing. NEF recognizes that the 811 program provides subsidized rents that could potentially offset some or all of these costs; however, that determination would require an in-depth analysis (and potentially revised third party reports such as market study and appraisal) which would incur investor/lender costs that are in addition to the added on-going costs at the property level.

3. Operational Risk – The 5 properties above are stable, well performing communities with an active tenant base – 4 of the 5 are senior properties. These tenants are demanding, informed, and organized. It is unclear to NEF how the current tenant base will react to the potential of 811 tenants that were not contemplated when they made the decision to lease. The risk of increased tenant concerns and turnover is real even if the actual risk posed by 811 tenants is not.

To be clear, NEF does not have any issue with the 811 program and respects its purpose/mission as a worthy one. NEF plans to participate in many Texas communities going forward that include 811 units and NEF and the project’s stakeholders will have the ability to underwrite the program’s operational and economic implications at closing. However, it is extremely difficult and risky for NEF to recommend to our investors a significant change in unit restrictions, tenant targeting, economics, and operations after closing.

Please let me know if you have any questions regarding this matter.

Sincerely,

Jason Aldridge
Vice President
National Equity Fund
must include the square footage of each type of Unit; and
must include floor plans for the accessible Units.
roof pitch.
Elevations for each side of each building type which include:
a percentage estimate of the exterior composition of each elevation; and
N/A indicates placement of detention/retention pond(s) or states there are no detention ponds;
clearly delineates the flood plain boundary lines or states there is no floodplain;
N/A describes, if applicable, how flood mitigation or other required mitigation will be accomplished; and
N/A identifies all pipeline easements on or adjacent to the Development Site (§11.101(2)(I)).
Residential Building floor plans should include the following, building by building:
common Area space on a building by building basis;
indicates accessible units (unless included on Site Plan).
Common Building floor plans should include tabulations of the square footage of the following spaces that are outside of Net Rentable Area, whether conditioned or unconditioned, building by building:
specification of space to be used for 75 sq ft/unit common space.
Unit floor plans for each type of Unit:
X must include the square footage of each type of Unit; and
X must include floor plans for the accessible Units.
Elevations for each side of each building type which include:
a percentage estimate of the exterior composition of each elevation; and
N/A photos of building elevations for Rehab and Adaptive Reuse developments not altering the unit configuration.
We have included both the engineering and the architectural site plans.
SITE PLAN

SITE CHART:

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>NET RENTABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>675 NRSF</td>
</tr>
<tr>
<td>B1</td>
<td>902 NRSF</td>
</tr>
<tr>
<td>B2</td>
<td>900 NRSF</td>
</tr>
<tr>
<td>C1</td>
<td>1,100 NRSF</td>
</tr>
</tbody>
</table>

REQUIRED PARKING:

1 SPACE PER BEDROOM/1 SPACE PER 250 SQFT OF CLUBHOUSE

TOTAL 26 UNITS

BUILDING # 1, 3-STORY

UNIT TYPE
A1 = 6
B1 = 3
B2 = 3
C1 = 3
TOTAL 26 UNITS

BUILDING # 2, 3-STORY

UNIT TYPE
B1 = 12
B2 = 9
C1 = 3
A1 = 6
TOTAL 24 UNITS

BUILDING # 3, 3-STORY

UNIT TYPE
B1 = 6
B2 = 9
C1 = 3
A1 = 6
TOTAL 24 UNITS

BUILDING # 4, 3-STORY

UNIT TYPE
B2 = 3
A1 = 18
B2 = 3
C1 = 3
TOTAL 24 UNITS

NOTE: SITE IS NOT IN A FLOOD PLAIN

CHURCHILL @ GOLDEN TRIANGLE
Fort Worth, Texas
BLDG. TYPE 1 - FIRST FLOOR

TYPE 1 SQUARE FOOTAGE CHART:

<table>
<thead>
<tr>
<th>Type</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET RENTABLE</td>
<td>19,581 SQFT</td>
</tr>
<tr>
<td>BREEZEWAY/ CORRIDOR</td>
<td>7,366 SQFT</td>
</tr>
<tr>
<td>STORAGE / UTILITY</td>
<td>444 SQFT</td>
</tr>
<tr>
<td>PORCHES / PATIOS</td>
<td>2,031 SQFT</td>
</tr>
<tr>
<td>BALCONIES</td>
<td></td>
</tr>
<tr>
<td>CLUBHOUSE</td>
<td>3,000 SQFT</td>
</tr>
<tr>
<td>9' CEILING HT. TYPICAL</td>
<td></td>
</tr>
</tbody>
</table>
UP STAIRS EXIT

NOTE:
BUILDING ROTATED TO FIT.

BLDG. TYPE 1 - SECOND FLOOR

ARCHITECT:
ENGINEER:
CONTRACTOR:

DATE:
02/19/19

FORT WORTH, TEXAS

CHURCHILL @ GOLDEN TRIANGLE

ARRIVE
NOTE: BUILDING ROTATED TO FIT.

BLDG. TYPE 1 - THIRD FLOOR
TYPE 2 SQUARE FOOTAGE CHART:

<table>
<thead>
<tr>
<th>Category</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Rentable</td>
<td>22,224 SQFT</td>
</tr>
<tr>
<td>Breezeway/Corridor</td>
<td>5,739 SQFT</td>
</tr>
<tr>
<td>Storage/Utility</td>
<td>393 SQFT</td>
</tr>
<tr>
<td>Porches/Patios Balconies</td>
<td>2,403 SQFT</td>
</tr>
<tr>
<td>9' Ceiling HT, Typical</td>
<td></td>
</tr>
</tbody>
</table>

BLDG. TYPE 2 - FIRST FLOOR

NOTE:
- Vinyl plank in living areas on 1st floor only and carpet on 2nd and 3rd floors.
- Building rotated to fit.
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.

BLDG. TYPE 2 - SECOND FLOOR

UP STAIRS EXIT

CHURCHILL @ GOLDEN TRIANGLE
Fort Worth, Texas
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.

BLDG. TYPE 3 - FIRST FLOOR

TYPE 3 SQUARE FOOTAGE CHART:

<table>
<thead>
<tr>
<th>Category</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET RENTABLE</td>
<td>20,868 SQFT</td>
</tr>
<tr>
<td>BREEZEWAY/ CORRIDOR</td>
<td>5,670 SQFT</td>
</tr>
<tr>
<td>STORAGE / UTILITY</td>
<td>393 SQFT</td>
</tr>
<tr>
<td>PORCHES / PATIOS / BALCONIES</td>
<td>2,403 SQFT</td>
</tr>
</tbody>
</table>

9' CEILING HT. TYPICAL
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.
BLDG. TYPE 3 - THIRD FLOOR

NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.
BLDG. TYPE 4 - FIRST FLOOR

Type 4 Square Footage Chart:

<table>
<thead>
<tr>
<th>Description</th>
<th>Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Rentable</td>
<td>18,150</td>
</tr>
<tr>
<td>Breezeway/Corridor</td>
<td>4,848</td>
</tr>
<tr>
<td>Storage/Utility</td>
<td>393</td>
</tr>
<tr>
<td>Porches/Patios/Balconies</td>
<td>2,070</td>
</tr>
<tr>
<td>9' Ceiling HT. Typical</td>
<td></td>
</tr>
</tbody>
</table>

Note:
- Vinyl plank in living areas on 1st floor only and carpet on 2nd and 3rd floors.
- Building rotated to fit.
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
- BUILDING ROTATED TO FIT.
3,000 sf CLUBHOUSE

<table>
<thead>
<tr>
<th>CLUB SQUARE FOOTAGE CHART:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CLUBHOUSE NET:</td>
<td>3,000 SQFT</td>
</tr>
<tr>
<td>CONDITIONED ONLY EMPLOYEES (OFFICE):</td>
<td>458 SQFT</td>
</tr>
<tr>
<td>PORCHES, MAIL, BRZWYS (INCLUDED IN TYPE 1 BRZWYS):</td>
<td>867 SQFT</td>
</tr>
<tr>
<td>18', 12', AND 9' CEILING HTS. IN CLUB</td>
<td></td>
</tr>
</tbody>
</table>
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
NOTE:
- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
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- VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
NOTE:
VINYL PLANK IN LIVING AREAS ON 1ST FLOOR ONLY AND CARPET ON 2ND AND 3RD FLOORS.
1. BUILDING TYPE 1 EXTERIOR ELEVATION

2. BUILDING TYPE 1 EXTERIOR ELEVATION

KEY PLAN

30% BRICK VENEER
70% CEMENTITIOUS BOARD
3. BUILDING TYPE 3 EXTERIOR ELEVATION

2. BUILDING TYPE 3 EXTERIOR ELEVATION

KEY PLAN

30% BRICK VENEER
70% CEMENTITIOUS BOARD
1. BUILDING TYPE 3 EXTERIOR ELEVATION

2. BUILDING TYPE 3 EXTERIOR ELEVATION

KEY PLAN

30% BRICK VENEER
70% CEMENTITIOUS BOARD
### SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on “# of Bedrooms” and “Sq. Ft. Per Unit.” “Unit Label” should correspond to the unit label or name used on the unit floor plan. “Building Label” should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for “Total # of Units” and “Total Sq Ft. for Unit Type” should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

#### Specifications and Amenities (check all that apply)

- Single Family Construction
- SRO
- Transitional (per §42((i)(3)(B))
- Duplex
- Scattered Site
- Fourplex
- > 4 Units Per Building
- Townhome

Development will have:

- Fire Sprinklers
- Elevators
- # of Elevators
- Wt. Capacity

Number of Parking Spaces (consistent with Architectural Drawings):

- Free
- Paid

Shed or Flat Roof Carport Spaces
- Detached Garage Spaces
- Attached Garage Spaces
- Uncovered Spaces
- Structured Parking Garage Spaces

Floor Composition/Wall Height:

- 100% Carpet/Vinyl/Resilient Flooring
- 9% Ceramic Tile
- Upper Floor(s) Ceiling Height (Townhome Only)
- % Other

Describe:

1
2
3
4
3
3
3
3
1
1
1
4

### Net Renter Square Footage from Rent Schedule

Enter the total development common area from the architect’s plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is:

The lesser of these two numbers added to NRA:

Use this number to figure points under 11.9(e)(2)

If a revised form is submitted, date of submission: 2/27/2019

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Number of Buildings</th>
<th>Number of Residences</th>
<th>Total # of Units</th>
<th>Total Sq Ft for Unit Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1 1 1 675</td>
<td>1</td>
<td>1</td>
<td>21 0 6 18</td>
<td>45 30,375</td>
</tr>
<tr>
<td>B1 2 2 902</td>
<td>1</td>
<td>2</td>
<td>3 12 6 0</td>
<td>21 18,942</td>
</tr>
<tr>
<td>B2 2 2 900</td>
<td>1</td>
<td>2</td>
<td>3 9 9 3</td>
<td>24 21,600</td>
</tr>
<tr>
<td>C1 3 2 1,100</td>
<td>1</td>
<td>3</td>
<td>3 3 3</td>
<td>9 9,900</td>
</tr>
</tbody>
</table>

Totals: 27 24 24 24

Net Renter Square Footage from Rent Schedule: 80,817
Accessible Mobility Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:
1. Distributed throughout the Unit types AND the Development; and
2. Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Developments covered by 10 TAC 11.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired and an additional 2% must be set aside for the hearing and/or visually impaired.

<table>
<thead>
<tr>
<th>Unit Description</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99</td>
<td>5%</td>
<td>4.95</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>A1</td>
<td>45</td>
<td>5%</td>
<td>2.25</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>B1</td>
<td>21</td>
<td>5%</td>
<td>1.05</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>B2</td>
<td>24</td>
<td>5%</td>
<td>1.2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>C1</td>
<td>9</td>
<td>5%</td>
<td>.45</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>5%</td>
<td>4.95</td>
<td>0</td>
<td>5</td>
</tr>
</tbody>
</table>

*NOTE: If total is more than what is required, Applicant will select which Unit(s) not to include Under "Units Proposed”

EXAMPLE:

<table>
<thead>
<tr>
<th>Unit Description</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68</td>
<td>5%</td>
<td>3.4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>1/1 (874sqft &amp; 806)</td>
<td>28</td>
<td>5%</td>
<td>1.4</td>
<td>1.4</td>
<td>1</td>
</tr>
<tr>
<td>2/2 (950 sqft &amp; 100)</td>
<td>36</td>
<td>5%</td>
<td>1.8</td>
<td>1.8</td>
<td>2</td>
</tr>
<tr>
<td>3/2 (1120 sqft &amp; 11)</td>
<td>4</td>
<td>5%</td>
<td>0.2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>68</td>
<td></td>
<td>3.4</td>
<td>4.2</td>
<td>4</td>
</tr>
</tbody>
</table>

*NOTE: Required is 4, but calculation yields 4.2. Applicant selected which to round down Under "Units Proposed”

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments.

By: ___________________________  
Signature  
Date 2/26/19

Printed Name: John Marc Tolson
Firm Name (If applicable): ARRIVE

2/13/2019
Accessible Mobility Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

1. Distributed throughout the Unit types AND the Development; and
2. Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Developments covered by 10 TAC 11.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired and an additional 2% must be set aside for the hearing and/or visually impaired.

<table>
<thead>
<tr>
<th>Mobility</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Description</td>
<td>99</td>
<td>5%</td>
<td>4.95</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>A1</td>
<td>45</td>
<td>5%</td>
<td>2.25</td>
<td>2.25</td>
<td>2</td>
</tr>
<tr>
<td>B1</td>
<td>45</td>
<td>5%</td>
<td>2.25</td>
<td>2.25</td>
<td>1</td>
</tr>
<tr>
<td>B2</td>
<td>9</td>
<td>5%</td>
<td>0.45</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>C1</td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>99</td>
<td></td>
<td>4.95</td>
<td></td>
<td>5.5</td>
<td>5</td>
</tr>
</tbody>
</table>

*NOTE: If total is more than what is required, Applicant will select which Unit(s) not to include Under "Units Proposed"*

EXAMPLE:

<table>
<thead>
<tr>
<th>Unit Description</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>5%</td>
<td>3.4</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1/1 (874sqft &amp; 806)</td>
<td>28</td>
<td>5%</td>
<td>1.4</td>
<td>1.4</td>
<td>1</td>
</tr>
<tr>
<td>2/2 (950 sqft &amp; 100)</td>
<td>36</td>
<td>5%</td>
<td>1.8</td>
<td>1.8</td>
<td>2</td>
</tr>
<tr>
<td>3/2 (1120 sqft &amp; 11)</td>
<td>4</td>
<td>5%</td>
<td>0.2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>5%</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>68</td>
<td></td>
<td>3.4</td>
<td></td>
<td>4.2</td>
<td>4</td>
</tr>
</tbody>
</table>

*NOTE: Required is 4, but calculation yields 4.2. Applicant selected which to round down Under "Units Proposed"

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments.

By: ________________________________
Signature

______________________________
Printed Name

______________________________
Date

______________________________
Firm Name (If applicable)

2/27/2019
Accessible Hearing/Visual Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:
(1) Distributed throughout the Unit types AND the Development; and
(2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Development covered by 10 TAC 11.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired and an additional 2% must be set aside for the hearing and/or visually impaired.

<table>
<thead>
<tr>
<th>Unit Description</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required (Rounded)</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99</td>
<td>2%</td>
<td>1.98</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>A1</td>
<td>45</td>
<td>2%</td>
<td>.9</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>B1</td>
<td>21</td>
<td>2%</td>
<td>.42</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>B2</td>
<td>24</td>
<td>2%</td>
<td>.48</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>C1</td>
<td>9</td>
<td>2%</td>
<td>.18</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>99</td>
<td>0%</td>
<td>1.98</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

*NOTE: If total is more than what is required, Applicant will select which to include under "Units Proposed"

EXAMPLE

<table>
<thead>
<tr>
<th>Hearing/Visual</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required (Rounded)</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Description</td>
<td>68</td>
<td>2%</td>
<td>1.36</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1/1</td>
<td>28</td>
<td>2%</td>
<td>0.56</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2/2</td>
<td>36</td>
<td>2%</td>
<td>0.72</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3/3</td>
<td>4</td>
<td>2%</td>
<td>0.08</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td>2%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>2%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>68</td>
<td>0%</td>
<td>1.36</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

*NOTE: Required is 2, but calculation yields 3. Applicant selected which Unit(s) to include under "Units Proposed"

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing and/or visual impairment.

By: [Signature]  
Printed Name: [John Marc Tolson]  
Firm Name (If applicable): ARRIVE  
Date: 2/20/19  
2/13/2019
## Accessible Hearing/Visual Units Calculation

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<table>
<thead>
<tr>
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<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required (Rounded)</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Description</td>
<td>99</td>
<td>2%</td>
<td>1.98</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>A1</td>
<td>45</td>
<td>2%</td>
<td>0.9</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>B1</td>
<td>45</td>
<td>2%</td>
<td>0.9</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>9</td>
<td>2%</td>
<td>0.18</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>C1</td>
<td>2%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>99</td>
<td>1.98</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*NOTE: If total is more than what is required, Applicant will select which to include under "Units Proposed"*

### EXAMPLE

<table>
<thead>
<tr>
<th>Hearing/Visual</th>
<th>Total Units</th>
<th>Required %</th>
<th>Calculated Units</th>
<th>Units Required (Rounded)</th>
<th>Units Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Description</td>
<td>68</td>
<td>2%</td>
<td>1.36</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1/1</td>
<td>28</td>
<td>2%</td>
<td>0.56</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2/2</td>
<td>36</td>
<td>2%</td>
<td>0.72</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3/3</td>
<td>4</td>
<td>2%</td>
<td>0.08</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td>2%</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>2%</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>68</td>
<td>1.36</td>
<td>3</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*NOTE: Required is 2, but calculation yields 3. Applicant selected which Unit(s) to include under "Units Proposed"*

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing and/or visual impairment.

By: ________________________________

Signature

______________________________

Printed Name

______________________________

Date

______________________________

Firm Name (If applicable)

2/27/2019
Accessible Parking Calculation for Residential Units

Parking calculations are based on:

FHA Calculation: FHA requires minimum of 2% of parking serving covered dwelling units be HC accessible and on an accessible route.

Covered dwelling units (CDUs):
If a building has more than one floor and does not have an elevator, all of the ground floor units are "covered". If the building has an elevator, all (100%) of the units in the building are "covered".  
33 # CDUs x 2% = 1 CDU HC spaces required

FHA Distribution:
At least one in each type of CDU parking (surface, carport, garage) must be accessible, even if that means exceeding 2%.

Surface Spaces  Development includes 174 spaces and  spaces are accessible
Carports  Development includes  carports and  carports are accessible
Garages  Development includes  garages and  garages are accessible

ADA Calculation: 
Number of Units: 99 means 5 accessible units and the same number of accessible spaces at a minimum.
If total resident parking is more than one space per unit, ADA requires additional HC spaces.  
174 total spaces - 99 1 space/total units - 5 minimum = 70 spaces x 2% = 2 additional HC spaces required for a total of 7 HC spaces required

ADA Distribution: (if less than one space per Unit is provided and/or different types of parking is provided)  
Surface Spaces  Development includes 174 spaces and per 208.2  must be accessible
Carports  Development includes  carports and per 208.2  must be accessible
Garages  Development includes  garages and per 208.2  must be accessible

Van Spaces: Of these, at least one of every 6 or fraction of 6 must be a van space.

Surface Spaces Development includes at least 7 HC spaces and at least 2 must be van accessible
Carport Development includes at least 0 HC carports and at least 0 must be van accessible
Garage Development includes at least 0 HC garages and at least 0 must be van accessible

2/21/2019
# Accessible Parking for Non-Residential Units

**FH Calculation:** FHA requires "a sufficient number" of spaces for CDU visitors and at least one at the leasing office*. FHA requires a minimum of one accessible space at site amenities (clubhouse, pool)*.

*If parking is provided specifically for visitors or the amenity

| # Office spaces: | N/A | Number Accessible: | # Visitor spaces: | Number Accessible:
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Other spaces:</td>
<td></td>
<td>Number Accessible:</td>
<td>Describe:</td>
<td></td>
</tr>
<tr>
<td>Amenity 1</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 2</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 3</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 4</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 5</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
</tbody>
</table>

**ADA Calculation:** ADA requires that parking for non-residents be provided in accordance with 206.2*.

*If parking is provided specifically for non-residents

| # Office spaces: | N/A | Number Accessible: | # Visitor spaces: | Number Accessible:
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Other spaces:</td>
<td></td>
<td>Number Accessible:</td>
<td>Describe:</td>
<td></td>
</tr>
<tr>
<td>Amenity 1</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 2</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 3</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 4</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
<tr>
<td>Amenity 5</td>
<td></td>
<td>Number Accessible:</td>
<td>Number spaces:</td>
<td>Number Accessible:</td>
</tr>
</tbody>
</table>

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible parking space per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided. Where parking for amenities or non-residents is provided, a sufficient number of accessible spaces will be provided.

By: [Signature]

Date: 2/21/19

Printed Name: JOHN MARC TOLSON

Firm Name (if applicable): ARRIVE

2/21/2019
Parking calculations are based on:


**FHA Calculation:**
- FHA requires minimum of 2% of parking serving covered dwelling units be HC accessible and on an accessible route.

**Covered dwelling units (CDUs):**
- If a building has more than one floor and does not have an elevator, all of the ground floor units are "covered".
- If the building has an elevator, all (100%) of the units in the building are "covered".

<table>
<thead>
<tr>
<th># CDUs</th>
<th>2%</th>
<th>CDU HC spaces required</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

**FHA Distribution**
- At least one in each type of CDU parking (surface, carport, garage) must be accessible, even if that means exceeding 2%.

<table>
<thead>
<tr>
<th>Surf. Spaces</th>
<th>Development includes</th>
<th>174</th>
<th>spaces and</th>
<th>spaces are accessible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carports</td>
<td>Development includes</td>
<td></td>
<td>carports and</td>
<td>carports are accessible</td>
</tr>
<tr>
<td>Garages</td>
<td>Development includes</td>
<td></td>
<td>garages and</td>
<td>garages are accessible</td>
</tr>
</tbody>
</table>

**ADA Calculation:**
- ADA requires that, at minimum, there must be one accessible space per accessible unit:

<table>
<thead>
<tr>
<th>Number of Units</th>
<th>1 space/total units</th>
<th>accessible units and the same number of accessible spaces at a minimum.</th>
</tr>
</thead>
<tbody>
<tr>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If total resident parking is more than one space per unit, ADA requires additional HC spaces.

<table>
<thead>
<tr>
<th>Total spaces</th>
<th>1 space/total units</th>
<th>minimum</th>
<th>additional HC spaces required for a total of</th>
</tr>
</thead>
<tbody>
<tr>
<td>174</td>
<td>99</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

x 2% = 2 additional HC spaces required for a total of 7 HC spaces required

**ADA Distribution**
- (if less than one space per Unit is provided and/or different types of parking is provided)

<table>
<thead>
<tr>
<th>Surf. Spaces</th>
<th>Development includes</th>
<th>174</th>
<th>spaces and per 208.2</th>
<th>7 must be accessible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carports</td>
<td>Development includes</td>
<td></td>
<td>carports and per 208.2</td>
<td>must be accessible</td>
</tr>
<tr>
<td>Garages</td>
<td>Development includes</td>
<td></td>
<td>garages and per 208.2</td>
<td>must be accessible</td>
</tr>
</tbody>
</table>

**Van Spaces**
- Of these, at least one of every 6 or fraction of 6 must be a van space.

<table>
<thead>
<tr>
<th>Surf. Spaces</th>
<th>Development includes at least</th>
<th>7</th>
<th>HC spaces and at least 2 must be van accessible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carport</td>
<td>Development includes at least</td>
<td>0</td>
<td>HC carports and at least 0 must be van accessible</td>
</tr>
<tr>
<td>Garage</td>
<td>Development includes at least</td>
<td>0</td>
<td>HC garages and at least 0 must be van accessible</td>
</tr>
</tbody>
</table>
### Accessible Parking for Non-Residential Units

**FH Calculation:** FHA requires "a sufficient number" of spaces for CDU visitors and at least one at the leasing office*. FHA requires a minimum of one accessible space at site amenities (clubhouse, pool)*.

*If parking is provided specifically for visitors or the amenity

<table>
<thead>
<tr>
<th># Office spaces:</th>
<th>N/A</th>
<th>Number Accessible:</th>
<th># Visitor spaces:</th>
<th>Number Accessible:</th>
</tr>
</thead>
<tbody>
<tr>
<td># Other spaces:</td>
<td></td>
<td>Number Accessible:</td>
<td>Describe:</td>
<td></td>
</tr>
</tbody>
</table>

**Amenity 1** | Number spaces: | Number Accessible: |
**Amenity 2** | Number spaces: | Number Accessible: |
**Amenity 3** | Number spaces: | Number Accessible: |
**Amenity 4** | Number spaces: | Number Accessible: |
**Amenity 5** | Number spaces: | Number Accessible: |

**ADA Calculation:** ADA requires that parking for non-residents be provided in accordance with 208.2*.

*If parking is provided specifically for non-residents

<table>
<thead>
<tr>
<th># Office spaces:</th>
<th>N/A</th>
<th>Number Accessible:</th>
<th># Visitor spaces:</th>
<th>Number Accessible:</th>
</tr>
</thead>
<tbody>
<tr>
<td># Other spaces:</td>
<td></td>
<td>Number Accessible:</td>
<td>Describe:</td>
<td></td>
</tr>
</tbody>
</table>

**Amenity 1** | Number spaces: | Number Accessible: |
**Amenity 2** | Number spaces: | Number Accessible: |
**Amenity 3** | Number spaces: | Number Accessible: |
**Amenity 4** | Number spaces: | Number Accessible: |
**Amenity 5** | Number spaces: | Number Accessible: |

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible parking space per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided. Where parking for amenities or non-residents is provided, a sufficient number of accessible spaces will be provided.

By:________________________________
Signature
___________________________________
Date
___________________________________
Firm Name (If applicable)

2/27/2019
Accessible Parking Calculation

Submit this worksheet or a comparable document certified by an accessibility professional.

Although Fair Housing Standards may apply in unusual circumstances, ADA Standards typically determine the required number of Accessible Parking Spaces (APSs). This worksheet is intended to handle typical (ADA) cases, where all parking spaces are within a single parking lot. However, it might be possible to determine the APS requirements of multiple lots (or facilities) by completing this same worksheet for each of the lots. The worksheet might also be usable for Developments with less than one parking space to serve each dwelling unit, by filling in the information on page one, bypassing inapplicable spaces in the first section of page two, and completing the second section of page two, "Distribution of APSs Among the Various Types of Parking", referencing ADA Table 208.2. In unique cases where Fair Housing applies, or where this worksheet cannot be applied, create a certification specifying the types and numbers of the parking spaces applicable, including standard and accessible parking for dwelling units and amenities (e.g., office, mail kiosk, laundry, dumpster, pool, playground, etc., collectively, "amenities"), and for each type of parking facility, e.g., surface spaces, carports, garages, etc., for staff review. Links to the applicable accessibility rules are provided below.

ADA Design Manual, Ch. 2, Sec. 208:  
FHA Design Manual Page 2.23:

Accessible Parking for Facilities and Amenities

Determining the number of APSs that serve the dwelling units requires accounting for APSs that do not serve dwelling units. In the yellow spaces below, identify the individual amenities served by an APS. Groups of amenities in close proximity typically are allowed to share a single APS. If groups of amenities share one APS (or APSs), identify each such group. In the yellow space to the right of each of these identifications, state the number of APSs designated to serve the amenity or group identified. If parking is provided near dumpsters, at least 1 dumpster must have an APS. The total of these APSs will be subtracted from the total of all types of parking spaces to determine the number of parking spaces that serve the dwelling units and the APSs required for the dwelling units.

<table>
<thead>
<tr>
<th>Amenity:</th>
<th>Identification of amenity, or amenities of a group, that the APS serves</th>
<th>APSs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office, etc.:</td>
<td>There are no designated spaces specifically for the clubhouse or amenities</td>
<td></td>
</tr>
<tr>
<td>Amenity 1:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 2:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 3:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 4:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 5:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 6:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total of Accessible Parking Spaces that Do Not Serve Dwelling Units: 0
Accessible Parking Calculation

Submit this worksheet or a comparable document certified by an accessibility professional.

Although Fair Housing Standards may apply in unusual circumstances, ADA Standards typically determine the required number of Accessible Parking Spaces (APSs). This worksheet is intended to handle typical (ADA) cases, where all parking spaces are within a single parking lot. However, it might be possible to determine the APS requirements of multiple lots (or facilities) by completing this same worksheet for each of the lots. The worksheet might also be usable for Developments with less than one parking space to serve each dwelling unit, by filling in the information on page one, bypassing inapplicable spaces in the first section of page two, and completing the second section of page two, "Distribution of APSs Among the Various Types of Parking", referencing ADA Table 208.2. In unique cases where Fair Housing applies, or where this worksheet cannot be applied, create a certification specifying the types and numbers of the parking spaces applicable, including standard and accessible parking for dwelling units and amenities (e.g., office, mail kiosk, laundry, dumpster, pool, playground, etc., collectively, "amenities"), and for each type of parking facility, e.g., surface spaces, carports, garages, etc., for staff review. Links to the applicable accessibility rules are provided below.


Accessible Parking for Facilities and Amenities

Determining the number of APSs that serve the dwelling units requires accounting for APSs that do not serve dwelling units. In the yellow spaces below, identify the individual amenities served by an APS. Groups of amenities in close proximity typically are allowed to share a single APS. If groups of amenities share one APS (or APSs), identify each such group. In the yellow space to the right of each of these identifications, state the number of APSs designated to serve the amenity or group identified. If parking is provided near dumpsters, at least 1 dumpster must have an APS. The total of these APSs will be subtracted from the total of all types of parking spaces to determine the number of parking spaces that serve the dwelling units and the APSs required for the dwelling units.

<table>
<thead>
<tr>
<th>Amenity: Office, etc.:</th>
<th>Identification of amenity, or amenities of a group, that the APS serves</th>
<th>APSs:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Clubhouse, pool, playground, cabana</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amenity 1:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amenity 2:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amenity 3:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amenity 4:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amenity 5:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amenity 6:</th>
<th></th>
<th></th>
</tr>
</thead>
</table>

Total of Accessible Parking Spaces that Do Not Serve Dwelling Units: 1
Accessible Parking for Residential Units

This portion of the worksheet was written for Developments having at least one parking space serving each dwelling unit, having surface parking spaces as the APSs that are not for dwelling units, and having only one parking lot, i.e., none of the parking spaces are physically segregated from the others by gates or by curbs or other barriers that require vehicles to exit the Development to travel between separate parking lots that serve it. The worksheet might, or might not be, useful for other cases.

Enter the information indicated below.

| Total dwelling Units in the Development: | 99 |
| Total surface parking spaces: | 174 |
| Total carports: | 0 |
| Total garages: | 0 |
| Total parking spaces of all types: | Calculated from above: 174 |
| Total APSs that serve non-residential purposes (i.e. office, amenities, etc.): | Calculated on prior page: 0 |
| Total of all types of parking spaces that serve dwelling units: | Calculated from above: 174 |
| APSs for mobility accessible units (5% of unit count, if spaces are sufficient): | Calculated from above: 5 |
| Parking spaces that serve dwelling units in excess of one per unit (if applicable): | Calculated from above: 75 |
| APSs required in excess of one per mobility accessible unit: | Calculated from above: 2 |
| Total APSs required (including dwelling units and facilities/amenities): | Calculated from above: 7 |

All Developments, including those having fewer than one parking space serving each dwelling unit, should use this portion of the worksheet. Enter the number of APSs indicated by ADA Table 208.2 for the total of each type of parking space, i.e., surface spaces, carports, etc., including both amenity spaces and dwelling unit spaces.

Distribution of APSs Among the Various Types of Parking

Minimum number of surface parking spaces (include dwelling unit and amenity spaces) that must be APSs:

Minimum number of carports that must be APSs:

Number of garages that must be APSs:

<table>
<thead>
<tr>
<th>APSs that Must Be Van Spaces</th>
</tr>
</thead>
</table>

Total Van APSs required, including all types of spaces: Calculated from above: 2

Minimum number of surface parking spaces that must be van APSs:

Minimum number of carports that must be van APSs:

Minimum number of garages that must be van APSs:

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible parking space per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided. Where parking for amenities or non-residents is provided, a sufficient number of accessible spaces will be provided.

Signature: John Marc Tolson

Date: 2/5/19

Printed Name:
Accessible Parking Calculation

Submit this worksheet or a comparable document certified by an accessibility professional.

Although Fair Housing Standards may apply in unusual circumstances, ADA Standards typically determine the required number of Accessible Parking Spaces (APSs). This worksheet is intended to handle typical (ADA) cases, where all parking spaces are within a single parking lot. However, it might be possible to determine the APS requirements of multiple lots (or facilities) by completing this same worksheet for each of the lots. The worksheet might also be usable for Developments with less than one parking space to serve each dwelling unit, by filling in the information on page one, bypassing inapplicable spaces in the first section of page two, "Distribution of APSs Among the Various Types of Parking", referencing ADA Table 208.2. In unique cases where Fair Housing applies, or where this worksheet cannot be applied, create a certification specifying the types and numbers of the parking spaces applicable, including standard and accessible parking for dwelling units and amenities (e.g., office, mail kiosk, laundry, dumpster, pool, playground, etc., collectively, "amenities"), and for each type of parking facility, e.g., surface spaces, carports, garages, etc., for staff review. Links to the applicable accessibility rules are provided below.


**Accessible Parking for Facilities and Amenities**

Determining the number of APSs that serve the dwelling units requires accounting for APSs that do not serve dwelling units. In the yellow spaces below, identify the individual amenities served by an APS. Groups of amenities in close proximity typically are allowed to share a single APS. If groups of amenities share one APS (or APSs), identify each such group. In the yellow space to the right of each of these identifications, state the number of APSs designated to serve the amenity or group identified. If parking is provided near dumpsters, at least 1 dumpster must have an APS. The total of these APSs will be subtracted from the total of all types of parking spaces to determine the number of parking spaces that serve the dwelling units and the APSs required for the dwelling units.

<table>
<thead>
<tr>
<th>Amenity:</th>
<th>Identification of amenity, or amenities of a group, that the APS serves</th>
<th>APSs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office, etc.:</td>
<td>There are no designated spaces specifically for the clubhouse or amenities</td>
<td></td>
</tr>
<tr>
<td>Amenity 1:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 2:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 3:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 4:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 5:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 6:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total of Accessible Parking Spaces that Do Not Serve Dwelling Units: 0
### Accessible Parking for Residential Units

Enter the information indicated below.

**Total dwelling Units in the Development:**

**Total surface parking spaces:**

**Total carports:**

**Total garages:**

**Total parking spaces of all types:**

**Total APSs that serve non-residential purposes (i.e. office, amenities, etc.):**

**Total of all types of parking spaces that serve dwelling units:**

**APSs for mobility accessible units (5% of unit count, if spaces are sufficient):**

**Parking spaces that serve dwelling units in excess of one per unit (if applicable):**

**APSs required in excess of one per mobility accessible unit:**

**Total APSs required (including dwelling units and facilities/amenities):**

All Developments, including those having fewer than one parking space serving each dwelling unit, should use this portion of the worksheet. Enter the number of APSs indicated by ADA Table 208.2 for the total of each type of parking space, i.e., surface spaces, carports, etc., including both amenity spaces and dwelling unit spaces.

**Distribution of APSs Among the Various Types of Parking**

- Minimum number of surface parking spaces (include dwelling unit and amenity spaces) that must be APSs:

- Minimum number of carports that must be APSs:

- Number of garages that must be APSs:

**APSs that Must Be Van Spaces**

- **Total Van APSs required, including all types of spaces:**

- Minimum number of surface parking spaces that must be van APSs:

- Minimum number of carports that must be van APSs:

- Minimum number of garages that must be van APSs:

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible parking space per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided. Where parking for amenities or non-residents is provided, a sufficient number of accessible spaces will be provided.

---

**Signature**

**Date:**

**Printed Name**

**Firm Name (if applicable)**
Rent Schedule

**Self Score Total:** 120

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

### Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

---

<table>
<thead>
<tr>
<th>HTC Units</th>
<th>MF Direct Loan Units (HOME Rent/Inc)</th>
<th>Nat'H F Units</th>
<th>TDHCA MRB Units</th>
<th>Other/ Subsidy</th>
<th># of Units</th>
<th># of Bedrooms</th>
<th># of Baths</th>
<th>Unit Size (Net Rentable Sq. Ft.)</th>
<th>Total Net Rentable Sq. Ft.</th>
<th>Program Rent Limit</th>
<th>Tenant Paid Utility Allow.</th>
<th>Rent Collected /Unit</th>
<th>Total Monthly Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC 30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>2,025</td>
<td>423</td>
<td>49</td>
<td>374</td>
<td>1,122</td>
</tr>
<tr>
<td>TC 30% LH/50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>675</td>
<td>49</td>
<td>374</td>
<td>374</td>
<td>447</td>
</tr>
<tr>
<td>TC 50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>10,125</td>
<td>705</td>
<td>49</td>
<td>656</td>
<td>9,840</td>
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<td>TC 60%</td>
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<td></td>
<td></td>
<td></td>
<td>2</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>12,825</td>
<td>846</td>
<td>49</td>
<td>797</td>
<td>15,143</td>
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<tr>
<td>MR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>3,375</td>
<td>846</td>
<td>0</td>
<td>846</td>
<td>4,230</td>
</tr>
<tr>
<td>TC 30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>902</td>
<td>902</td>
<td>507</td>
<td>60</td>
<td>447</td>
<td>4,471</td>
</tr>
<tr>
<td>TC 30% LH/50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>902</td>
<td>902</td>
<td>507</td>
<td>60</td>
<td>447</td>
<td>4,471</td>
</tr>
<tr>
<td>TC 50%</td>
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<td></td>
<td>6</td>
<td>2</td>
<td>2.0</td>
<td>902</td>
<td>5,412</td>
<td>846</td>
<td>60</td>
<td>706</td>
<td>4,716</td>
</tr>
<tr>
<td>TC 50% HH/80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>2.0</td>
<td>902</td>
<td>1,304</td>
<td>846</td>
<td>60</td>
<td>786</td>
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<tr>
<td>TC 60%</td>
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<td>8,595</td>
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<tr>
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<td></td>
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<td>2</td>
<td>2.0</td>
<td>902</td>
<td>1,804</td>
<td>1,015</td>
<td>60</td>
<td>1,015</td>
<td>2,030</td>
</tr>
<tr>
<td>TC 30%</td>
<td></td>
<td></td>
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<td></td>
<td>2</td>
<td>2</td>
<td>2.0</td>
<td>900</td>
<td>1,800</td>
<td>507</td>
<td>60</td>
<td>447</td>
<td>894</td>
</tr>
<tr>
<td>TC 50% HH/80%</td>
<td></td>
<td></td>
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<td></td>
<td>7</td>
<td>2</td>
<td>2.0</td>
<td>900</td>
<td>6,300</td>
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<td>786</td>
<td>5,502</td>
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<td></td>
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<td>2.0</td>
<td>900</td>
<td>10,800</td>
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<td>60</td>
<td>955</td>
<td>11,460</td>
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<td>900</td>
<td>1,800</td>
<td>1,015</td>
<td>60</td>
<td>1,015</td>
<td>2,030</td>
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<tr>
<td>TC 30%</td>
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<td></td>
<td></td>
<td>1</td>
<td>3</td>
<td>2.0</td>
<td>1100</td>
<td>1,100</td>
<td>654</td>
<td>66</td>
<td>588</td>
<td>688</td>
</tr>
<tr>
<td>TC 50%</td>
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<td>2</td>
<td>3</td>
<td>2.0</td>
<td>1100</td>
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<tr>
<td>TC 50% HH/80%</td>
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| TOTAL | 99 | 80,817 | 80,444 |

Non Rental Income $13.00 per unit/month for: 1,287

- Provision for Vacancy & Collection Loss % of Potential Gross Income: 7.50% (6,130)
- Rental Concessions (enter as a negative number) Enter as a negative value

- POTENTIAL GROSS MONTHLY INCOME $81,731
- EFFECTIVE GROSS MONTHLY INCOME $75,601

x 12 = EFFECTIVE GROSS ANNUAL INCOME $907,214

---

If a revised form is submitted, date of submission: 2/27/2019
### Rent Schedule (Continued)

#### HOUSING

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<th>TC60%</th>
<th>TC70%</th>
<th>TC80%</th>
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<th>MRB Li Total</th>
<th>MRB MR Total</th>
<th>MR Total</th>
<th>Direct Loan Li Total</th>
<th>Other Total OT Units</th>
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#### NATIONAL HOUSING TRUST FUND

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<th>MRB80%</th>
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<th>MRB MR Total</th>
<th>MRB MR Total</th>
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<th>Direct Loan Li Total</th>
<th>Other Total OT Units</th>
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#### DIRECT LOAN

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#### OTHER

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#### BEDROOMS

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#### ACQUISITION + HARD COST

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#### HARD COST

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DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.

TAX CREDITS

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2/27/2019
### Rent Designations (select from Drop down menu)

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<th>MF Direct Loan Units (HOME Rent/Ins)</th>
<th>Nat'l HTF Units</th>
<th>TDHCA MRB Units</th>
<th>Other/Subsidy</th>
<th># of Units</th>
<th># of Bedrooms</th>
<th># of Baths</th>
<th>Unit Size (Net Rentable Sq. Ft.)</th>
<th>Total Net Rentable Sq. Ft.</th>
<th>Program Rent Limit</th>
<th>Tenant Paid Utility Allow.</th>
<th>Rent Collected /Unit</th>
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<td>3</td>
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<td>66</td>
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<td>1,100</td>
<td>0</td>
<td>1,309</td>
<td>1,309</td>
<td></td>
</tr>
</tbody>
</table>

**Non Rental Income:** $13.00 per unit/month for:  
- **App fees, damages, telephone/cable/internet:** $1,287

**Total Nonrental Income:** $13.00

**Potential Gross Monthly Income:** $81,731

**Total Number of AMFI:** 99

**Total Non Rental Income:** $80,817

**Total Non Rental Income:** $80,444

**Effect Non Rental Income:** $75,601

**Effective Gross Annual Income:** 907,214

If a revised form is submitted, date of submission: 4/24/2019

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):
## Rent Schedule (Continued)

### HOUSING

<table>
<thead>
<tr>
<th>% of Li</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC20%</td>
<td>0</td>
</tr>
<tr>
<td>TC30%</td>
<td>10%</td>
</tr>
<tr>
<td>TC40%</td>
<td>0</td>
</tr>
<tr>
<td>TC50%</td>
<td>40%</td>
</tr>
<tr>
<td>TC60%</td>
<td>49%</td>
</tr>
<tr>
<td>TC70%</td>
<td>0</td>
</tr>
<tr>
<td>TC80%</td>
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</tbody>
</table>

### TAX CREDITS

<table>
<thead>
<tr>
<th>% of Li</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTC Li Total</td>
<td>89</td>
</tr>
<tr>
<td>EO</td>
<td>0</td>
</tr>
<tr>
<td>MR</td>
<td>11%</td>
</tr>
<tr>
<td>MR Total</td>
<td>10%</td>
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</table>

Total HTC Units: 99

### NATIONAL HOUSING TRUST FUND

<table>
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<th>% of Li</th>
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<tr>
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</tr>
<tr>
<td>HTF Li Total</td>
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<tr>
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<tr>
<td>MR Total</td>
<td>0</td>
</tr>
<tr>
<td>HTF Total</td>
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### MORTGAGE REVENUE

### BOND

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<td>MRBMR</td>
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<td>MRBMR Total</td>
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<tr>
<td>MRB Total</td>
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</table>

### DIRECT LOAN

<table>
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<th>% of Total</th>
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<tbody>
<tr>
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<td>8</td>
</tr>
<tr>
<td>EO</td>
<td>0</td>
</tr>
<tr>
<td>MR</td>
<td>0</td>
</tr>
<tr>
<td>MR Total</td>
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<tr>
<td>Direct Loan Total</td>
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### OTHER

<table>
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<tbody>
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</table>

### BEDROOMS

<table>
<thead>
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<th>BEDROOMS</th>
<th>% of Li</th>
<th>% of Total</th>
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</thead>
<tbody>
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<td>0</td>
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<tr>
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</tr>
<tr>
<td>2</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>4</td>
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</tr>
<tr>
<td>5</td>
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</tr>
</tbody>
</table>

### ACQUISITION + HARD

- **Cost Per Sq Ft**: $126.8

### HARD

- **Cost Per Sq Ft**: $126.8

### BUILDING

- **Cost Per Sq Ft**: $84.42

---

DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.

---

4/24/2019
## Rent Schedule

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

### Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

<table>
<thead>
<tr>
<th>Rent Designations (select from Drop down menu)</th>
<th>HTC Units</th>
<th>NF Direct Loan Units (HOME Rent/Incl)</th>
<th>Nat’l HTF Units</th>
<th>TDCMA MRF Units</th>
<th>Other/Subsidy</th>
<th># of Units</th>
<th># of Bedrooms</th>
<th># of Baths</th>
<th>Unit Size (Net Rentable Sq. Ft.)</th>
<th>Total Net Rentable Sq. Ft.</th>
<th>Program Rent Limit</th>
<th>Tenant Paid Utility Allow.</th>
<th>Rent Collected/Unit</th>
<th>Total Monthly Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC 30%</td>
<td>4</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td></td>
<td>2,700</td>
<td>423</td>
<td>49</td>
<td>374</td>
<td>1,496</td>
<td></td>
</tr>
<tr>
<td>TC 50%</td>
<td>17</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td></td>
<td>11,475</td>
<td>705</td>
<td>49</td>
<td>656</td>
<td>11,152</td>
<td></td>
</tr>
<tr>
<td>TC 60%</td>
<td>19</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td></td>
<td>12,825</td>
<td>846</td>
<td>49</td>
<td>797</td>
<td>15,143</td>
<td></td>
</tr>
<tr>
<td>MR</td>
<td>5</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td></td>
<td>3,375</td>
<td>846</td>
<td>642</td>
<td>846</td>
<td>4,230</td>
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<tr>
<td>TC 30%</td>
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<td>902</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
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<td>1,804</td>
<td>507</td>
<td>60</td>
<td>447</td>
<td>894</td>
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<tr>
<td>TC 50%</td>
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<td>2.0</td>
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<td>(B)</td>
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<td>2.0</td>
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<td>(A)</td>
<td>(B)</td>
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<td>955</td>
<td>8,595</td>
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<tr>
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<td>2.0</td>
<td>902</td>
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<td>(A)</td>
<td>(B)</td>
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<td>1,015</td>
<td>60</td>
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<td>2,030</td>
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<tr>
<td>TC 30%</td>
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<td></td>
<td>(A)</td>
<td>(B)</td>
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<td>60</td>
<td>447</td>
<td>894</td>
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<tr>
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<td>900</td>
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<td>(A)</td>
<td>(B)</td>
<td></td>
<td>7,200</td>
<td>846</td>
<td>60</td>
<td>786</td>
<td>6,288</td>
<td></td>
</tr>
<tr>
<td>TC 60%</td>
<td>12</td>
<td>2</td>
<td>2.0</td>
<td>900</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
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<td>10,800</td>
<td>1,015</td>
<td>60</td>
<td>955</td>
<td>11,460</td>
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</tr>
<tr>
<td>MR</td>
<td>2</td>
<td>2</td>
<td>2.0</td>
<td>900</td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td></td>
<td>1,800</td>
<td>1,015</td>
<td>60</td>
<td>1,015</td>
<td>2,030</td>
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</tr>
<tr>
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<td>(B)</td>
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<td>66</td>
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<td>1100</td>
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<td>(A)</td>
<td>(B)</td>
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<td>1,173</td>
<td>66</td>
<td>1,107</td>
<td>4,428</td>
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</tr>
<tr>
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<td>3</td>
<td>2.0</td>
<td>1100</td>
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<td>1,100</td>
<td>1,173</td>
<td>66</td>
<td>1,173</td>
<td>1,173</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**                                      | 99        | 80,817                                 |                 |                 |               | (E)        | (E)         |           | (A) x (E)                     |                         |                |                          |

**Non Rental Income** $13.00 per unit/month for: App fees, damages, telephone/cable/internet $1,287
**Non Rental Income** 0.00 per unit/month for: 
**Non Rental Income** 0.00 per unit/month for: 

**TOTAL NONRENTAL INCOME** $13.00 per unit/month $1,287

**POTENTIAL GROSS MONTHLY INCOME** $80,444

- Provision for Vacancy & Collection Loss % of Potential Gross Income: 7.50% (6,045)
- Rental Concessions (enter as a negative number) Enter as a negative value

**EFFECTIVE GROSS MONTHLY INCOME** $74,596

$12 = **EFFECTIVE GROSS ANNUAL INCOME** $895,148

---

If a revised form is submitted, date of submission: 5/21/2019
5/30 REA Received DN


### Rent Schedule

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

#### Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

<table>
<thead>
<tr>
<th>HTC Units</th>
<th>MF Direct Loan Units (HOME Rent/Inc)</th>
<th>Nat'1 HTF Units</th>
<th>TDCHA MRB Units</th>
<th>Other/Subsidy</th>
<th># of Units</th>
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<tr>
<td>TC 30%</td>
<td>4</td>
<td>1</td>
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<td>1</td>
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<tr>
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</tr>
<tr>
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<td>2</td>
<td>2</td>
<td>902</td>
<td>$7,216</td>
<td>846</td>
<td>60</td>
<td>786</td>
<td>6,288</td>
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<tr>
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<td>2</td>
<td>902</td>
<td>$8,118</td>
<td>1,015</td>
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<tr>
<td>MR</td>
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<td>60</td>
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<td></td>
<td></td>
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<td>2</td>
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<td>60</td>
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<td>955</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MR</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>900</td>
<td>$1,800</td>
<td>1,015</td>
<td>60</td>
<td>1,015</td>
<td>2,030</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TC 30%</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1100</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>TC 50%</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1100</td>
<td>$4,400</td>
<td>1,173</td>
<td>66</td>
<td>1,107</td>
<td>4,428</td>
<td></td>
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<td>TC 60%</td>
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<td>1100</td>
<td>$1,100</td>
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<td>66</td>
<td>1,173</td>
<td>1,173</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 99

80,817

TOTAL 79,357

- Non Rental Income $13.00 per unit/month for:  
  - App fees, damages, telephone/cable/internet 1,287
- Non Rental Income 0.00 per unit/month for:  
- Non Rental Income 0.00 per unit/month for:  
- NONRENTAL INCOME $13.00 per unit/month 1,287
- POTENTIAL GROSS MONTHLY INCOME 80,644
- Provision for Vacancy & Collection Loss 7,904
- Rental Concessions [Enter as a negative number] 6,045
- EFFECTIVE GROSS MONTHLY INCOME 74,596

x 12 = EFFECTIVE GROSS ANNUAL INCOME 895,148

If a revised form is submitted, date of submission: 5/21/2019
## Rent Schedule (Continued)

### HOUSING

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC20%</td>
<td>0</td>
</tr>
<tr>
<td>TC30%</td>
<td>10%</td>
</tr>
<tr>
<td>TC40%</td>
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</tr>
<tr>
<td>TC50%</td>
<td>40%</td>
</tr>
<tr>
<td>TC60%</td>
<td>49%</td>
</tr>
<tr>
<td>TC70%</td>
<td>0</td>
</tr>
<tr>
<td>TC80%</td>
<td>0</td>
</tr>
</tbody>
</table>

### TAX CREDITS

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTC Li Total</td>
<td>89</td>
</tr>
<tr>
<td>EO</td>
<td>0</td>
</tr>
<tr>
<td>MR</td>
<td>11%</td>
</tr>
<tr>
<td>MR Total</td>
<td>10%</td>
</tr>
<tr>
<td>Total HTC Units</td>
<td>99</td>
</tr>
</tbody>
</table>

### NATIONAL HOUSING TRUST FUND

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTF30%</td>
<td>0</td>
</tr>
<tr>
<td>HTF Li Total</td>
<td>0</td>
</tr>
<tr>
<td>MR</td>
<td>0</td>
</tr>
<tr>
<td>MR Total</td>
<td>0</td>
</tr>
<tr>
<td>HTF Total</td>
<td>0</td>
</tr>
</tbody>
</table>

### MORTGAGE

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRB20%</td>
<td>0</td>
</tr>
<tr>
<td>MRB30%</td>
<td>0</td>
</tr>
<tr>
<td>MRB40%</td>
<td>0</td>
</tr>
<tr>
<td>MRB50%</td>
<td>0</td>
</tr>
<tr>
<td>MRB60%</td>
<td>0</td>
</tr>
<tr>
<td>MRB70%</td>
<td>0</td>
</tr>
<tr>
<td>MRB80%</td>
<td>0</td>
</tr>
<tr>
<td>MRB MR Total</td>
<td>0</td>
</tr>
<tr>
<td>MRBM MR Total</td>
<td>0</td>
</tr>
</tbody>
</table>

### BOND

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRB Li Total</td>
<td>0</td>
</tr>
<tr>
<td>MRB MR</td>
<td>0</td>
</tr>
<tr>
<td>MRBM MR Total</td>
<td>0</td>
</tr>
<tr>
<td>MRB Total</td>
<td>0</td>
</tr>
</tbody>
</table>

### DIRECT LOAN

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>0</td>
</tr>
<tr>
<td>40%</td>
<td>0</td>
</tr>
<tr>
<td>LH/30%</td>
<td>0</td>
</tr>
<tr>
<td>HH/60%</td>
<td>0</td>
</tr>
<tr>
<td>HH/80%</td>
<td>0</td>
</tr>
<tr>
<td>Direct Loan Li Total</td>
<td>0</td>
</tr>
<tr>
<td>EO</td>
<td>0</td>
</tr>
<tr>
<td>MR</td>
<td>0</td>
</tr>
<tr>
<td>MR Total</td>
<td>0</td>
</tr>
<tr>
<td>Direct Loan Total</td>
<td>0</td>
</tr>
</tbody>
</table>

### OTHER

<table>
<thead>
<tr>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OT Units</td>
<td>0</td>
</tr>
</tbody>
</table>

### BEDROOMS

<table>
<thead>
<tr>
<th>BEDROOMS</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

### Cost Per Sq Ft

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>Cost Per Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACQUISITION + HARD</td>
<td>$126.8</td>
</tr>
<tr>
<td>HARD</td>
<td>$126.8</td>
</tr>
<tr>
<td>BUILDING</td>
<td>$84.42</td>
</tr>
</tbody>
</table>

*DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.*
## Utility Allowances [§10.614](#)

Applicant must attach documentation to this form to support the “Utility Allowance” estimate used in completing the Rent Schedule provided in the Application. Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application. Please see 10 TAC §10.614(k). This exhibit must clearly indicate which utility costs are included in the estimate.

If tenants will be required to pay any other mandatory fees (e.g. renter's insurance) please provide an estimate, description and documentation of those as well.

<table>
<thead>
<tr>
<th>Utility</th>
<th>Who Pays</th>
<th>Energy Source</th>
<th>0BR</th>
<th>1BR</th>
<th>2BR</th>
<th>3BR</th>
<th>4BR</th>
<th>Source of Utility Allowance &amp; Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Cooking</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Other Electric</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Air Conditioning</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Water Heater</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Water</td>
<td>Landlord</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Sewer</td>
<td>Landlord</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Trash</td>
<td>Landlord</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reliant 2/11/19</td>
</tr>
<tr>
<td>Flat Fee</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Tenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Paid by Tenant</strong></td>
<td></td>
<td></td>
<td>$  -</td>
<td>$ 49.0</td>
<td>$ 60.0</td>
<td>$ 66.0</td>
<td>$  -</td>
<td></td>
</tr>
</tbody>
</table>

Other (Describe)

If a revised form is submitted, date of submission: __________________________

2/27/2019
February 22, 2019

Brad Forslund  
Churchill Residential, Inc.  
Irving, Texas  
bforslund@cri.bz

RE: 2019 HTC Application – proposed site located in Fort Worth, Texas  
HTC File: 19009

Dear Mr. Forslund:

The Texas Department of Housing and Community Affairs has received a request submitted for proposed a 2019 Housing Tax Credit (“HTC”), located in Fort Worth, to calculate the utility allowance using the Written Local Estimate in accordance with the 10TAC§10.614(k). This allowance is calculated based on the following representations:

1. That the buildings are not HUD-Regulated;
2. That the building(s) are not RHS assisted or have RHS assisted tenants; and,
3. That the residents are financially responsible for electricity and that the utility is not paid to or through the owner of the building based on an allocation formula or RUBS.

In accordance with Treasury Regulation §1.42-10, the utility allowance for those units occupied by Section 8 voucher holders remains the applicable Public Housing Authority utility allowance established from where the resident receives the assistance.

Please see attached written local estimate from Reliant dated February 11, 2019. This allowance can be used for underwriting purposes. If you are successful in obtaining an allocation, to utilize the Written Local Estimate to establish the initial utility allowance for the Development, the Owner must submit utility allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities.

If you have any further questions, please contact Cody Campbell toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell  
Senior Compliance Monitor
Churchill at Golden Triangle
11100 Metroport Drive
Fort Worth, TX 76177

February 11, 2019

RE: Utility Allowance Estimate

To Whom It May Concern:

In our opinion, as of this date, the monthly utility charge estimates listed below would apply for the above noted property to be built within the service area of Reliant Energy:

<table>
<thead>
<tr>
<th>ELECTRIC - Utility Allowances</th>
<th>1 BR</th>
<th>2 BR</th>
<th>3 BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$49.00</td>
<td>$60.00</td>
<td>$66.00</td>
</tr>
</tbody>
</table>

NOTES:

1. At a minimum, the subject property is to be built subject to the 2009 International Energy Conservation Code (IECC).

2. Once built and ready for occupancy, the utility allowance estimates will be reviewed and revised using the Reliant Energy rates in effect at the time.

3. The above utility allowances are only an estimate.

4. The monthly utility charge estimates are for a unit of similar size and construction for the geographic area in which the building containing the unit is located.

5. The above utility allowances, by bedroom type, apply to all building configurations on this property.

6. Estimates based on an “Energy Conservative Household” and other criteria as defined by the U.S. Department of Housing and Urban Development (HUD).

7. Estimates include costs for heating; cooking; other electric (lighting, etc.); air conditioning; water heating; all monthly component charges.

Sincerely yours,

[Signature]

Joe Kaye, CAS
Senior Director
Builder/Multi-Family Division
The following chart provides a breakdown of the utility allowances for Churchill at Golden Triangle, based on the enclosed utility company estimate letter **:

Electric Numbers per Reliant Energy Letter dated 02/11/19.

Churchill at Golden Triangle

<table>
<thead>
<tr>
<th>ELECTRIC - Utility Allowances</th>
<th>1 BR</th>
<th>2 BR</th>
<th>3 BR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$49.00</td>
<td>$60.00</td>
<td>$66.00</td>
</tr>
</tbody>
</table>

NOTES:
1. Water, Sewer and Trash are property paid and therefore not included in the resident paid allowances above.

** Utility company estimate letter is included on the following page:
   - Reliant Energy
## ANNUAL OPERATING EXPENSES

### General & Administrative Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>10,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>12,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>7,500</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>3,500</td>
</tr>
<tr>
<td>Postage &amp; office supplies</td>
<td>10,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>9,600</td>
</tr>
<tr>
<td>Dues, Credit Reports</td>
<td>2,450</td>
</tr>
<tr>
<td>Other</td>
<td>2,450</td>
</tr>
<tr>
<td><strong>Total General &amp; Administrative Expenses:</strong></td>
<td><strong>55,050</strong></td>
</tr>
</tbody>
</table>

### Management Fee

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Effective Gross Income</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Management Fee:</strong></td>
<td><strong>45,361</strong></td>
</tr>
</tbody>
</table>

### Payroll, Payroll Tax & Employee Benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>71,820</td>
</tr>
<tr>
<td>Maintenance</td>
<td>56,700</td>
</tr>
<tr>
<td>Other</td>
<td>describe</td>
</tr>
<tr>
<td><strong>Total Payroll, Payroll Tax &amp; Employee Benefits:</strong></td>
<td><strong>128,520</strong></td>
</tr>
</tbody>
</table>

### Repairs & Maintenance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator</td>
<td></td>
</tr>
<tr>
<td>Exterminating</td>
<td>3,000</td>
</tr>
<tr>
<td>Grounds</td>
<td>19,000</td>
</tr>
<tr>
<td>Make-ready</td>
<td>19,000</td>
</tr>
<tr>
<td>Repairs</td>
<td>13,000</td>
</tr>
<tr>
<td>Pool</td>
<td>3,000</td>
</tr>
<tr>
<td>LifeSafety, Uniforms</td>
<td>3,885</td>
</tr>
<tr>
<td>Other</td>
<td>describe</td>
</tr>
<tr>
<td><strong>Total Repairs &amp; Maintenance:</strong></td>
<td><strong>60,885</strong></td>
</tr>
</tbody>
</table>

### Utilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>24,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
</tr>
<tr>
<td>Trash</td>
<td>8,400</td>
</tr>
<tr>
<td>Water/Sewer</td>
<td>36,900</td>
</tr>
<tr>
<td>Other</td>
<td>describe</td>
</tr>
<tr>
<td><strong>Total Utilities:</strong></td>
<td><strong>69,300</strong></td>
</tr>
</tbody>
</table>

### Annual Property Insurance

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate per net rentable square foot:</th>
<th>$ 0.37</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Property Insurance:</strong></td>
<td><strong>$ 29,700</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Property Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published Capitalization Rate</td>
<td>9.00%</td>
</tr>
<tr>
<td>Source: TCAD</td>
<td></td>
</tr>
<tr>
<td>Annual Property Taxes</td>
<td>99,882</td>
</tr>
<tr>
<td>Payments in Lieu of Taxes</td>
<td></td>
</tr>
<tr>
<td><strong>Total Property Taxes:</strong></td>
<td><strong>99,882</strong></td>
</tr>
</tbody>
</table>

### Reserve for Replacements

<table>
<thead>
<tr>
<th>Description</th>
<th>Annual reserves per unit:</th>
<th>$ 250</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve for Replacements:</strong></td>
<td><strong>$ 24,750</strong></td>
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</tr>
</tbody>
</table>

### Other Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td></td>
</tr>
<tr>
<td>Supportive Services (Staffing/Contracted Services)</td>
<td>62,790</td>
</tr>
<tr>
<td>TDHCA Compliance fees ($40/HTC unit)</td>
<td>3,960</td>
</tr>
<tr>
<td>TDHCA Direct Loan Compliance Fees ($34/MDL unit)</td>
<td></td>
</tr>
<tr>
<td>TDHCA Bond Compliance Fees (TDHCA as Bond Issuer Only - $25/MRB unit)</td>
<td></td>
</tr>
<tr>
<td>Bond Trustee Fees</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>7,500</td>
</tr>
<tr>
<td>Other</td>
<td>Tax consulting</td>
</tr>
<tr>
<td>Other</td>
<td>describe</td>
</tr>
<tr>
<td><strong>Total Other Expenses:</strong></td>
<td><strong>74,250</strong></td>
</tr>
</tbody>
</table>

### TOTAL ANNUAL EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Annual Expenses:</strong></td>
<td><strong>587,698</strong></td>
</tr>
</tbody>
</table>

### NET OPERATING INCOME (before debt service)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income:</strong></td>
<td><strong>319,516</strong></td>
</tr>
</tbody>
</table>

### Annual Debt Service

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital One:</strong></td>
<td>214,040</td>
</tr>
<tr>
<td><strong>TDHCA MFDL:</strong></td>
<td>61,639</td>
</tr>
<tr>
<td><strong>TDHCA Bond-Issuer Admin Fee (0.10%)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Annual Debt Service:</strong></td>
<td><strong>275,679</strong></td>
</tr>
</tbody>
</table>

### NET CASH FLOW

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Cash Flow:</strong></td>
<td><strong>43,837</strong></td>
</tr>
</tbody>
</table>

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If a revised form is submitted, date of submission: 2/27/2019
<table>
<thead>
<tr>
<th>General &amp; Administrative Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$10,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>$12,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$7,500</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>$3,500</td>
</tr>
<tr>
<td>Postage &amp; office supplies</td>
<td>$10,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>$9,600</td>
</tr>
<tr>
<td>Other Dues, Credit Reports</td>
<td>$2,450</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total General &amp; Administrative Expenses</td>
<td>$55,050</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management Fee</th>
<th>Percent of Effective Gross Income</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.00%</td>
<td>$45,361</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payroll, Payroll Tax &amp; Employee Benefits</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>$71,820</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$56,700</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$128,520</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Repairs &amp; Maintenance</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator</td>
<td>$</td>
</tr>
<tr>
<td>Exterminating</td>
<td>$3,000</td>
</tr>
<tr>
<td>Grounds</td>
<td>$19,000</td>
</tr>
<tr>
<td>Make-ready</td>
<td>$19,000</td>
</tr>
<tr>
<td>Repairs</td>
<td>$13,000</td>
</tr>
<tr>
<td>Pool</td>
<td>$3,000</td>
</tr>
<tr>
<td>Other LifeSafety, Uniforms</td>
<td>$3,885</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total Repairs &amp; Maintenance</td>
<td>$69,885</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Utilities (Enter Only Property Paid Expense)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Portfolio history</td>
<td>$24,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td>$</td>
</tr>
<tr>
<td>Trash Portfolio history</td>
<td>$8,400</td>
</tr>
<tr>
<td>Water/Sewer Portfolio history</td>
<td>$36,900</td>
</tr>
<tr>
<td>Other</td>
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<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Total Utilities</td>
<td>$69,300</td>
</tr>
<tr>
<td>Annual Property Insurance Rate per net rentable square foot</td>
<td>$0.37</td>
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</table>

<table>
<thead>
<tr>
<th>Property Taxes</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Published Capitalization Rate: 9.00%</td>
<td>Source: TCAD</td>
</tr>
<tr>
<td>Annual Property Taxes</td>
<td>$99,882</td>
</tr>
<tr>
<td>Payments in Lieu of Taxes</td>
<td>$</td>
</tr>
<tr>
<td>Total Property Taxes</td>
<td>$99,882</td>
</tr>
<tr>
<td>Reserve for Replacements: Annual reserves per unit</td>
<td>$250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserve for Replacements: Annual reserves per unit</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Tax consulting</td>
<td>$7,500</td>
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<tr>
<td>Other</td>
<td>$</td>
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<tr>
<td>Total Other Expenses</td>
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<table>
<thead>
<tr>
<th>TOTAL ANNUAL EXPENSES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense per unit</td>
<td>$5939</td>
</tr>
<tr>
<td>Expense to Income Ratio</td>
<td>64.81%</td>
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<table>
<thead>
<tr>
<th>NET OPERATING INCOME (before debt service)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Debt Service</td>
<td>$214,040</td>
</tr>
<tr>
<td>TDHCA MFDL</td>
<td>$61,639</td>
</tr>
<tr>
<td>TDHCA Bond-Issuer Admin Fee (0.10%)</td>
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</tr>
<tr>
<td>TOTAL ANNUAL DEBT SERVICE</td>
<td>Debt Coverage Ratio: 1.16</td>
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<table>
<thead>
<tr>
<th>NET CASH FLOW</th>
<th>Amount</th>
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<tbody>
<tr>
<td></td>
<td>$43,565</td>
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</table>

If a revised form is submitted, date of submission: 4/24/19
# ANNUAL OPERATING EXPENSES

## General & Administrative Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$10,000</td>
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<tr>
<td>Advertising</td>
<td>$12,000</td>
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<tr>
<td>Legal fees</td>
<td>$7,500</td>
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<tr>
<td>Leased equipment</td>
<td>$3,500</td>
</tr>
<tr>
<td>Postage &amp; office supplies</td>
<td>$10,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>$9,600</td>
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<tr>
<td>Other, Dues, Credit Reports</td>
<td>$2,450</td>
</tr>
<tr>
<td>Other, describe</td>
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</tr>
</tbody>
</table>

**Total General & Administrative Expenses:** $55,050

## Payroll, Payroll Tax & Employee Benefits

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Management</td>
<td>$71,820</td>
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<tr>
<td>Maintenance</td>
<td>$56,700</td>
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<tr>
<td>Other, Supportive Services</td>
<td>$42,840</td>
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<tr>
<td>Other, describe</td>
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</tbody>
</table>

**Total Payroll, Payroll Tax & Employee Benefits:** $171,360

## Repairs & Maintenance

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator</td>
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<tr>
<td>Exterminating</td>
<td>$3,000</td>
</tr>
<tr>
<td>Grounds</td>
<td>$19,000</td>
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<tr>
<td>Make-ready</td>
<td>$19,000</td>
</tr>
<tr>
<td>Repairs</td>
<td>$13,000</td>
</tr>
<tr>
<td>Pool</td>
<td>$3,000</td>
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<tr>
<td>Other, Life Safety, Uniforms</td>
<td>$2,400</td>
</tr>
<tr>
<td>Other, describe</td>
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</tr>
</tbody>
</table>

**Total Repairs & Maintenance:** $59,400

## Utilities (Enter Only Property Paid Expense)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Electric, Portfolio history</td>
<td>$24,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
</tr>
<tr>
<td>Trash, Portfolio history</td>
<td>$8,400</td>
</tr>
<tr>
<td>Water/Sewer, Portfolio history</td>
<td>$36,900</td>
</tr>
<tr>
<td>Other, describe</td>
<td></td>
</tr>
<tr>
<td>Other, describe</td>
<td></td>
</tr>
</tbody>
</table>

**Total Utilities:** $69,300

## Annual Property Insurance

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate per net rentable square foot</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$0.37</td>
</tr>
</tbody>
</table>

## Property Taxes

<table>
<thead>
<tr>
<th>Item</th>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published Capitalization Rate: 9.50%</td>
<td>TCAD</td>
<td>$103,904</td>
</tr>
<tr>
<td>Annual Property Taxes</td>
<td></td>
<td>$103,904</td>
</tr>
<tr>
<td>Payments in Lieu of Taxes</td>
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</table>

**Total Property Taxes:** $103,904

## Reserve for Replacements

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual reserves per unit</td>
<td>$250</td>
</tr>
</tbody>
</table>

## Other Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td></td>
</tr>
<tr>
<td>Supportive Services (Staffing/Contracted Services)</td>
<td>$16,950</td>
</tr>
<tr>
<td>TDHCA Compliance fees ($40/HTC unit)</td>
<td>$3,560</td>
</tr>
<tr>
<td>TDHCA Direct Loan Compliance Fees ($34/MDL unit)</td>
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</tr>
<tr>
<td>TDHCA Bond Compliance Fees (TDHCA as Bond Issuer Only - $25/MRB unit)</td>
<td></td>
</tr>
<tr>
<td>Bond Trustee Fees</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td></td>
</tr>
<tr>
<td>Other, Tax consulting</td>
<td>$7,500</td>
</tr>
<tr>
<td>Other, describe</td>
<td></td>
</tr>
</tbody>
</table>

**Total Other Expenses:** $28,010

## TOTAL ANNUAL EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense per unit</td>
<td>$5833</td>
</tr>
<tr>
<td>Expense to Income Ratio</td>
<td>64.51%</td>
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</table>

## NET OPERATING INCOME (before debt service)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital One</td>
<td>$273,395</td>
</tr>
<tr>
<td>TDHCA Bond-Issuer Admin Fee (0.10%)</td>
<td></td>
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</table>

**Total Annual Debt Service:** $273,395

**Debt Coverage Ratio:** 1.162

## NET CASH FLOW

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$44,279</td>
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</tbody>
</table>

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If a revised form is submitted, date of submission: 5/24/2019
### 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year first year of stabilized occupancy using today’s best estimates of market rents, restricted rents, rental income and expenses, and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 6</th>
<th>YEAR 7</th>
<th>YEAR 8</th>
<th>YEAR 9</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
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<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$965,322</td>
<td>$994,635</td>
<td>$1,024,327</td>
<td>$1,044,414</td>
<td>$1,064,502</td>
<td>$1,186,656</td>
<td>$1,273,730</td>
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<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$16,753</td>
<td>$18,610</td>
<td>$19,839</td>
<td>$20,177</td>
<td>$20,424</td>
<td>$20,678</td>
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<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$980,772</td>
<td>$1,000,387</td>
<td>$1,020,935</td>
<td>$1,040,803</td>
<td>$1,061,619</td>
<td>$1,182,113</td>
<td>$1,294,108</td>
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<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>$72,588</td>
<td>$75,629</td>
<td>$78,350</td>
<td>$78,350</td>
<td>$78,350</td>
<td>$78,350</td>
<td>$78,350</td>
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</tr>
<tr>
<td>Rental Concessions</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
<td>$0</td>
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</tr>
<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
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<td>$942,666</td>
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<td>$1,197,050</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,405</td>
<td>$59,155</td>
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<td>$71,828</td>
<td>$83,268</td>
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<tr>
<td>Management Fee</td>
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<td>$4,628</td>
<td>$4,925</td>
<td>$5,138</td>
<td>$5,455</td>
<td>$6,050</td>
<td>$7,294</td>
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<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
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<td>$129,376</td>
<td>$132,437</td>
<td>$144,650</td>
<td>$146,925</td>
<td>$167,628</td>
<td>$194,398</td>
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<tr>
<td>Repairs &amp; Maintenance</td>
<td>$60,885</td>
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<td>$64,593</td>
<td>$66,473</td>
<td>$68,353</td>
<td>$70,233</td>
<td>$72,113</td>
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<tr>
<td>Electric &amp; Gas Utilities</td>
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<td>$24,720</td>
<td>$25,452</td>
<td>$26,225</td>
<td>$26,992</td>
<td>$27,760</td>
<td>$28,528</td>
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<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,500</td>
<td>$50,966</td>
<td>$52,420</td>
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<td>Annual Property Insurance Premiums</td>
<td>$79,700</td>
<td>$80,591</td>
<td>$81,589</td>
<td>$82,587</td>
<td>$83,585</td>
<td>$84,583</td>
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<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,874</td>
<td>$108,870</td>
<td>$111,876</td>
<td>$114,872</td>
<td>$117,868</td>
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<tr>
<td>Reserve for Repairs</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,235</td>
<td>$26,977</td>
<td>$27,719</td>
<td>$28,461</td>
<td>$29,203</td>
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<tr>
<td>Other Expenses</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,235</td>
<td>$26,977</td>
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<td>$28,461</td>
<td>$29,203</td>
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<tr>
<td>TOTAL ANNUAL EXPENSES</td>
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<td>$604,475</td>
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<tr>
<td>NET OPERATING INCOME</td>
<td>$319,516</td>
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<td>$321,307</td>
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</table>

<table>
<thead>
<tr>
<th>DEBT SERVICE</th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>$64,339</td>
<td>$64,339</td>
<td>$64,339</td>
<td>$64,339</td>
<td>$64,339</td>
<td>$64,339</td>
<td>$64,339</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
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<td></td>
<td></td>
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<tr>
<td>Other Annual Required Payment</td>
<td>Other Annual Required Payment</td>
<td>$44,804</td>
<td>$44,804</td>
<td>$44,804</td>
<td>$44,804</td>
<td>$44,804</td>
<td>$44,804</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$45,837</td>
<td>$45,837</td>
<td>$45,837</td>
<td>$45,837</td>
<td>$45,837</td>
<td>$45,837</td>
<td>$45,837</td>
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<tr>
<td>CUMULATIVE NET CASH FLOW</td>
<td>$43,837</td>
<td>$58,662</td>
<td>$73,470</td>
<td>$88,270</td>
<td>$103,070</td>
<td>$117,870</td>
<td>$132,670</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro forma is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank’s current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility.

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Printed Name
Printed Name
Phone: 312-316-9115
Email: benjamin-glige@capitalac.com

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Date
Date
2/10/20
# 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td><strong>$965,328</strong></td>
<td><strong>$984,635</strong></td>
<td><strong>$1,004,327</strong></td>
<td><strong>$1,024,141</strong></td>
<td><strong>$1,044,902</strong></td>
<td><strong>$1,153,656</strong></td>
<td><strong>$1,273,730</strong></td>
</tr>
<tr>
<td>Secondary Income</td>
<td><strong>$15,444</strong></td>
<td><strong>$15,753</strong></td>
<td><strong>$16,068</strong></td>
<td><strong>$16,389</strong></td>
<td><strong>$16,717</strong></td>
<td><strong>$18,057</strong></td>
<td><strong>$20,378</strong></td>
</tr>
<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td><strong>$980,772</strong></td>
<td><strong>$1,000,387</strong></td>
<td><strong>$1,020,395</strong></td>
<td><strong>$1,040,803</strong></td>
<td><strong>$1,061,619</strong></td>
<td><strong>$1,172,113</strong></td>
<td><strong>$1,294,108</strong></td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>(<strong>$79,558</strong></td>
<td>(<strong>$75,029</strong></td>
<td>(<strong>$76,530</strong></td>
<td>(<strong>$78,060</strong></td>
<td>(<strong>$79,621</strong></td>
<td>(<strong>$87,508</strong></td>
<td>(<strong>$97,056</strong></td>
</tr>
<tr>
<td>Rental Concessions</td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
<td><strong>$907,214</strong></td>
<td><strong>$925,358</strong></td>
<td><strong>$943,866</strong></td>
<td><strong>$962,743</strong></td>
<td><strong>$981,989</strong></td>
<td><strong>$1,084,205</strong></td>
<td><strong>$1,197,050</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td><strong>$55,050</strong></td>
<td><strong>$56,702</strong></td>
<td><strong>$58,403</strong></td>
<td><strong>$60,155</strong></td>
<td><strong>$61,959</strong></td>
<td><strong>$71,828</strong></td>
<td><strong>$83,268</strong></td>
</tr>
<tr>
<td>Management Fee</td>
<td><strong>$45,361</strong></td>
<td><strong>$46,268</strong></td>
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<td><strong>$48,137</strong></td>
<td><strong>$49,100</strong></td>
<td><strong>$54,210</strong></td>
<td><strong>$59,852</strong></td>
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<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td><strong>$128,520</strong></td>
<td><strong>$132,376</strong></td>
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<td><strong>$144,650</strong></td>
<td><strong>$167,689</strong></td>
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<td><strong>$64,593</strong></td>
<td><strong>$66,351</strong></td>
<td><strong>$68,527</strong></td>
<td><strong>$79,441</strong></td>
<td><strong>$92,094</strong></td>
</tr>
<tr>
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<td><strong>$24,720</strong></td>
<td><strong>$25,462</strong></td>
<td><strong>$26,225</strong></td>
<td><strong>$27,012</strong></td>
<td><strong>$31,315</strong></td>
<td><strong>$36,302</strong></td>
</tr>
<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td><strong>$45,300</strong></td>
<td><strong>$46,659</strong></td>
<td><strong>$48,059</strong></td>
<td><strong>$49,501</strong></td>
<td><strong>$50,986</strong></td>
<td><strong>$59,106</strong></td>
<td><strong>$68,520</strong></td>
</tr>
<tr>
<td>Annual Property Insurance Premiums</td>
<td><strong>$29,700</strong></td>
<td><strong>$30,591</strong></td>
<td><strong>$31,569</strong></td>
<td><strong>$32,454</strong></td>
<td><strong>$33,428</strong></td>
<td><strong>$38,752</strong></td>
<td><strong>$44,924</strong></td>
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<td>Property Tax</td>
<td><strong>$99,882</strong></td>
<td><strong>$102,878</strong></td>
<td><strong>$105,965</strong></td>
<td><strong>$109,144</strong></td>
<td><strong>$112,418</strong></td>
<td><strong>$130,323</strong></td>
<td><strong>$151,080</strong></td>
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<tr>
<td>Reserve for Replacements</td>
<td><strong>$24,750</strong></td>
<td><strong>$25,493</strong></td>
<td><strong>$26,257</strong></td>
<td><strong>$27,045</strong></td>
<td><strong>$27,856</strong></td>
<td><strong>$32,293</strong></td>
<td><strong>$37,437</strong></td>
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<td>Other Expenses</td>
<td><strong>$74,250</strong></td>
<td><strong>$76,478</strong></td>
<td><strong>$78,772</strong></td>
<td><strong>$81,135</strong></td>
<td><strong>$83,569</strong></td>
<td><strong>$96,879</strong></td>
<td><strong>$112,210</strong></td>
</tr>
<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td><strong>$587,698</strong></td>
<td><strong>$604,975</strong></td>
<td><strong>$622,559</strong></td>
<td><strong>$640,763</strong></td>
<td><strong>$659,505</strong></td>
<td><strong>$761,837</strong></td>
<td><strong>$880,186</strong></td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td><strong>$319,516</strong></td>
<td><strong>$320,483</strong></td>
<td><strong>$321,307</strong></td>
<td><strong>$321,979</strong></td>
<td><strong>$322,493</strong></td>
<td><strong>$322,368</strong></td>
<td><strong>$316,864</strong></td>
</tr>
</tbody>
</table>

**DEBT SERVICE**

| First Deed of Trust Annual Loan Payment |              |              |              |              |              |              |              |
| Second Deed of Trust Annual Loan Payment |              |              |              |              |              |              |              |
| Third Deed of Trust Annual Loan Payment |              |              |              |              |              |              |              |
| Other Annual Required Payment         |              |              |              |              |              |              |              |
| Other Annual Required Payment         |              |              |              |              |              |              |              |

**ANNUAL NET CASH FLOW**

| **$43,837** | **$44,804** | **$45,628** | **$46,300** | **$46,814** | **$46,689** | **$41,185** |
| **$43,837** | **$48,864** | **$134,270** | **$180,570** | **$227,384** | **$46,140**  | **$680,825** |

**CUMULATIVE NET CASH FLOW**

| Debt Coverage Ratio | 1.16 | 1.16 | 1.17 | 1.17 | 1.17 | 1.17 | 1.15 |

By signing below (I/we) are certifying that the above 15 Year pro formas, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and pre-nomination considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Phone: Email: jaldridge@nefinc.org

Printed Name: Phone: Email: 2/21/19

If a revised form is submitted, date of submission: 2/20/2019
## 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

### INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>Potential Gross Annual Rental Income</th>
<th>Secondary Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$965,328</td>
<td>$15,444</td>
</tr>
<tr>
<td>2</td>
<td>$984,635</td>
<td>$15,753</td>
</tr>
<tr>
<td>3</td>
<td>$1,004,327</td>
<td>$16,068</td>
</tr>
<tr>
<td>4</td>
<td>$1,024,414</td>
<td>$16,389</td>
</tr>
<tr>
<td>5</td>
<td>$1,044,902</td>
<td>$16,717</td>
</tr>
<tr>
<td>10</td>
<td>$1,153,656</td>
<td>$18,457</td>
</tr>
<tr>
<td>15</td>
<td>$1,273,730</td>
<td>$20,378</td>
</tr>
</tbody>
</table>

### EXPENSES

<table>
<thead>
<tr>
<th>Expense</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$60,155</td>
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<td>$140,437</td>
<td>$144,650</td>
<td>$167,689</td>
<td>$194,398</td>
</tr>
<tr>
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<td>$68,527</td>
<td>$79,441</td>
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<td>$26,225</td>
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<td>$59,106</td>
<td>$68,520</td>
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<td>$130,323</td>
<td>$151,080</td>
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<td>$26,257</td>
<td>$27,014</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$74,250</td>
<td>$76,478</td>
<td>$78,772</td>
<td>$81,133</td>
<td>$83,569</td>
<td>$96,879</td>
<td>$112,310</td>
</tr>
<tr>
<td>Total Annual Expenses</td>
<td>$587,698</td>
<td>$604,875</td>
<td>$622,559</td>
<td>$640,763</td>
<td>$659,505</td>
<td>$761,837</td>
<td>$880,186</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$319,516</td>
<td>$320,483</td>
<td>$321,307</td>
<td>$321,979</td>
<td>$322,493</td>
<td>$322,368</td>
<td>$316,864</td>
</tr>
</tbody>
</table>

### DEBT SERVICE

<table>
<thead>
<tr>
<th>Loan Payment</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative Net Cash Flow</td>
<td>$43,837</td>
<td>$44,804</td>
<td>$45,628</td>
<td>$46,300</td>
<td>$46,814</td>
<td>$46,689</td>
<td>$41,185</td>
</tr>
</tbody>
</table>

### Net Operating Income

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

---

**Signature, Authorized Representative, Construction or Permanent Lender**

**Signature, Authorized Representative, Syndicator**

If a revised form is submitted, date of submission: 2/27/2019
# 15 Year Rental Housing Operating Pro Forma (All Programs)

<table>
<thead>
<tr>
<th></th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TENTATIVE GROSS ANNUAL RENTAL INCOME</td>
<td>$9,653,328</td>
<td>$10,843,635</td>
<td>$11,004,327</td>
<td>$10,024,414</td>
<td>$10,044,902</td>
<td>$11,153,656</td>
<td>$12,737,339</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TENTATIVE GROSS ANNUAL INCOME</td>
<td>$69,077,2</td>
<td>$71,000,387</td>
<td>$72,026,395</td>
<td>$71,040,803</td>
<td>$71,061,639</td>
<td>$10,172,113</td>
<td>$12,194,108</td>
</tr>
<tr>
<td>Real Estate &amp; Personal Property Insurance Premiums</td>
<td>$78,059</td>
<td>$77,024</td>
<td>$76,100</td>
<td>$75,186</td>
<td>$74,104</td>
<td>$87,908</td>
<td>$98,050</td>
</tr>
<tr>
<td>Service Fees</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL GROSS ANNUAL INCOME</td>
<td>$520,214</td>
<td>$503,358</td>
<td>$494,866</td>
<td>$496,743</td>
<td>$498,199</td>
<td>$1,064,205</td>
<td>$1,197,050</td>
</tr>
</tbody>
</table>

| **DEBT SERVICE**    |                             |                             |                             |                             |                             |                             |                             |
| Deed of Trust Annual Loan Payment | $214,040 | $214,040 | $214,040 | $214,040 | $214,040 | $214,040 | $214,040 |
| Total Operating Income | $319,154 | $320,203 | $321,508 | $321,982 | $322,187 | $323,018 | $316,452 |

**4/23/2019**
## 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

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<tr>
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<td>$965,328</td>
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<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
</tr>
<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$980,772</td>
<td>$1,000,387</td>
<td>$1,020,395</td>
<td>$1,040,803</td>
<td>$1,061,619</td>
<td>$1,172,113</td>
<td>$1,294,108</td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($73,558)</td>
<td>($75,020)</td>
<td>($76,530)</td>
<td>($78,060)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Annual Property Insurance Premiums</td>
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<td>$30,591</td>
<td>$31,509</td>
<td>$32,454</td>
<td>$33,428</td>
<td>$38,752</td>
<td>$44,924</td>
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<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,965</td>
<td>$109,144</td>
<td>$112,418</td>
<td>$130,323</td>
<td>$151,080</td>
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<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$27,045</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
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<tr>
<td>Other Expenses</td>
<td>$74,522</td>
<td>$76,758</td>
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<td>$81,432</td>
<td>$83,875</td>
<td>$97,234</td>
<td>$112,721</td>
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<td>TOTAL ANNUAL EXPENSES</td>
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<th>DEBT SERVICE</th>
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<td>$214,040</td>
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<td>Third Deed of Trust Annual Loan Payment</td>
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</tr>
<tr>
<td>Other Annual Required Payment</td>
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<tr>
<td>Other Annual Required Payment</td>
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<tr>
<td>ANNUAL NET CASH FLOW</td>
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<td>$45,339</td>
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<td>1.16</td>
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<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
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</tbody>
</table>

By signing below (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under $11.9(e)(1) relating to Financial Feasibility)

---

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator
# 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today’s best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
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<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$92,284</td>
<td>$97,130</td>
<td>$99,756</td>
<td>$101,571</td>
<td>$103,783</td>
<td>$113,068</td>
<td>$115,519</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,065</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
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<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$97,728</td>
<td>$97,883</td>
<td>$99,824</td>
<td>$100,957</td>
<td>$104,170</td>
<td>$115,525</td>
<td>$116,897</td>
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<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($72,580)</td>
<td>($74,031)</td>
<td>($75,512)</td>
<td>($77,022)</td>
<td>($78,562)</td>
<td>($80,139)</td>
<td>($82,757)</td>
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<tr>
<th>EXPENSES</th>
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<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$5,050</td>
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<td>$6,403</td>
<td>$6,155</td>
<td>$6,155</td>
<td>$71,828</td>
<td>$83,268</td>
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<tr>
<td>Management Fee</td>
<td>$36,000</td>
<td>$36,720</td>
<td>$37,454</td>
<td>$38,203</td>
<td>$38,968</td>
<td>$43,023</td>
<td>$47,501</td>
</tr>
<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$17,130</td>
<td>$17,650</td>
<td>$18,176</td>
<td>$18,250</td>
<td>$19,287</td>
<td>$223,586</td>
<td>$259,197</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$2,400</td>
<td>$2,720</td>
<td>$2,942</td>
<td>$3,225</td>
<td>$6,855</td>
<td>$7,704</td>
<td>$8,948</td>
</tr>
<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$2,400</td>
<td>$2,720</td>
<td>$2,942</td>
<td>$3,225</td>
<td>$6,855</td>
<td>$7,704</td>
<td>$8,948</td>
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<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$4,300</td>
<td>$4,599</td>
<td>$4,899</td>
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<td>$950</td>
<td>$950</td>
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<tr>
<td>Property Tax</td>
<td>$103,904</td>
<td>$107,021</td>
<td>$110,232</td>
<td>$113,599</td>
<td>$116,945</td>
<td>$135,571</td>
<td>$157,164</td>
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<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$27,045</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$28,010</td>
<td>$28,580</td>
<td>$29,716</td>
<td>$30,607</td>
<td>$31,526</td>
<td>$36,547</td>
<td>$42,368</td>
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<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td>$177,674</td>
<td>$184,438</td>
<td>$191,904</td>
<td>$199,887</td>
<td>$209,401</td>
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</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>$317,647</td>
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<td>$320,261</td>
<td>$314,600</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>DEBT SERVICE</th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$3,395</td>
<td>$2,739</td>
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<td>Second Deed of Trust Annual Loan Payment</td>
<td>$3,395</td>
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<td>Third Deed of Trust Annual Loan Payment</td>
<td>$3,395</td>
<td>$2,739</td>
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<td>$2,739</td>
<td>$2,739</td>
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<tr>
<td>Other Annual Required Payment</td>
<td>$3,395</td>
<td>$2,739</td>
<td>$2,739</td>
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<td>$2,739</td>
<td>$2,739</td>
<td>$2,739</td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td>$3,395</td>
<td>$2,739</td>
<td>$2,739</td>
<td>$2,739</td>
<td>$2,739</td>
<td>$2,739</td>
<td>$2,739</td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$44,279</td>
<td>$45,218</td>
<td>$46,013</td>
<td>$46,657</td>
<td>$47,141</td>
<td>$46,866</td>
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<td>CUMULATIVE NET CASH FLOW</td>
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<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.151</td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank’s current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under $119(a)(1) relating to Financial Viability)

---

**Signature, Authorized Representative, Construction or Permanent Leader**

**Signature, Authorized Representative, Syndicator**

---

[Signatures and dates]
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide LIHTC equity in the amount of $14,098,590. 35% of this amount will be funded during construction. The syndication rate is $.94. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 13 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,500. NE Construction would be providing a match in the amount of $65,300 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $425,325.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

[Signature]  [Printed Name]  [Date]

Telephone: 214-605-7437
Email address: benjamin.glisiped@capitalone.com

If a revised form is submitted, date of submission: 5/22/2019

Jason Alldridge, VP NEF
The pro formas should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

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<tr>
<th>INCOME</th>
<th>YEAR 1</th>
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<th>YEAR 15</th>
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<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$952,284</td>
<td>$971,330</td>
<td>$990,756</td>
<td>$1,010,571</td>
<td>$1,030,783</td>
<td>$1,138,068</td>
<td>$1,256,519</td>
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<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
</tr>
<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$967,728</td>
<td>$987,083</td>
<td>$1,006,824</td>
<td>$1,026,961</td>
<td>$1,047,500</td>
<td>$1,156,525</td>
<td>$1,276,897</td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>$(572,580)</td>
<td>$(574,031)</td>
<td>$(575,512)</td>
<td>$(577,022)</td>
<td>$(578,562)</td>
<td>$(586,739)</td>
<td>$(595,767)</td>
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<tr>
<td>Rental Concessions</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>EFFECTIVE GROSS ANNUAL INCOME</td>
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<td>$1,181,129</td>
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<tr>
<td>General &amp; Administrative Expenses</td>
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<td>$56,702</td>
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<td>$61,959</td>
<td>$71,828</td>
<td>$83,268</td>
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<td>$38,203</td>
<td>$38,968</td>
<td>$43,023</td>
<td>$47,501</td>
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<tr>
<td>Repairs &amp; Maintenance</td>
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<td>$64,908</td>
<td>$66,855</td>
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<tr>
<td>Electric &amp; Gas Utilities</td>
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<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
<td>$31,315</td>
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<td>Water, Sewer &amp; Trash Utilities</td>
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<td>$49,501</td>
<td>$50,986</td>
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<td>$68,520</td>
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<tr>
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<td>$30,591</td>
<td>$31,509</td>
<td>$32,454</td>
<td>$33,428</td>
<td>$38,752</td>
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<td>$37,437</td>
</tr>
<tr>
<td>Other Expenses</td>
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<td>$31,526</td>
<td>$36,547</td>
<td>$42,368</td>
</tr>
<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td>$577,474</td>
<td>$594,438</td>
<td>$611,904</td>
<td>$629,887</td>
<td>$648,401</td>
<td>$749,524</td>
<td>$866,529</td>
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<tr>
<td>NET OPERATING INCOME</td>
<td>$317,674</td>
<td>$318,613</td>
<td>$319,408</td>
<td>$320,052</td>
<td>$320,536</td>
<td>$320,261</td>
<td>$314,600</td>
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<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td></td>
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<td></td>
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<td>ANNUAL NET CASH FLOW</td>
<td>$44,279</td>
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<td>$46,657</td>
<td>$47,141</td>
<td>$46,866</td>
<td>$41,205</td>
</tr>
<tr>
<td>CUMULATIVE NET CASH FLOW</td>
<td>$44,279</td>
<td>$89,498</td>
<td>$135,511</td>
<td>$182,168</td>
<td>$229,309</td>
<td>$464,327</td>
<td>$684,505</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.15</td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro formas, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank’s current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under $11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Engineer

Signature, Authorized Representative, Syndicate
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide LIHTC equity in the amount of $14,098,590. 35% of this amount will be funded during construction. The syndication rate is $.94. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 15 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,500. NE Construction would be providing a match in the amount of $65,000 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $425,325.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

Telephone:

Email address:

If a revised form is submitted, date of submission: 5/22/2019

Jason Alldridge, VP NEF
This form must be submitted with the Development Cost Schedule if the development has offsite costs, whether those costs are included in the budget as a line item, embedded in the acquisition costs, or referenced in utility provider letters. Therefore, the total costs listed on this worksheet may or may not exactly correspond with those off-site costs indicated on the Development Costs Schedule. However, all costs listed here should be able to be justified in another place in the application.

**Column A:** The offsite activity reflected here should correspond to the offsite activity reflected in the Development Cost Schedule or other supporting documentation.

**Columns B and C:** In determining actual construction cost, two different methods may be used:

**Column D:** To arrive at total construction costs in Column D:

**Column E:** Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

**Column F:** Engineering/architectural costs must be broken out by the offsite work activity.

**Column G:** Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

**ALL contingency must be included in the Contingency line item on the Development Cost Schedule and NOT on this form**

**This form must be completed by a professional engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.**

<table>
<thead>
<tr>
<th>A. Activity</th>
<th>B. Labor or Unit Price</th>
<th>C. Materials or # of Units</th>
<th>D. Total Construction Costs</th>
<th>E. Acquisition Costs</th>
<th>F. Engineering / Architectural Costs</th>
<th>G. Total Activity Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Lines 35-37 Hidden

Total

$ -

Signature of Registered Engineer responsible for Budget Justification

Printed Name

Date

If a revised form is submitted, date of submission: 2/27/2019

Seal
February 22, 2019

TDHCA
221 East 11th St.
Austin, Texas 78701

Re: Churchill at Golden Triangle Community
Lot 4, Block 2, Moriah at Timberland Addition
11000 block of Metroport Way (formerly Keller Hicks Road). South of Timberland Blvd and East of the 11000 block of IH 35W Service Road E. Fort Worth, Tarrant County, Texas 76177

To Whom It May Concern:

Based on the information available at this time, the site work costs outlined on the attached Site Work Cost Breakdown is believed to be reasonable estimates for this project. Should you have any questions, please feel free to contact me at 972-770-1300.

Very truly yours,

KIMLEY-HORN AND ASSOCIATES, INC.

Jeffrey W. Dolian, P.E.
Associate

Attachments: Site Work Cost Breakdown
# Site Work Cost Breakdown

This form must be submitted with the Development Cost Schedule as justification of Site Work costs.

**Column A:** The Site Work activity reflected here must match the Site Work activity reflected in the Development Cost Schedule.

**Columns B and C:** In determining actual construction costs, two different methods may be used:
- The construction costs may be broken into labor (Column B) and materials (Column C) for the activity; OR
- The use of unit price (Column B) and the number of units (Column C) data for the activity.

**Column D:** To arrive at total construction costs in Column D:
- If based on labor and materials, add Column B and Column C together to arrive at total construction costs.
- If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.

**Column E:** Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

**Column F:** Engineering/architectural costs must be broken out by the Site Work activity.

**Column G:** Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

**This form must be completed by a Third-Party engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.**

For Site Work costs that exceed $15,000 per Unit and are included in Eligible Basis, a CPA letter allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible must be submitted behind this tab.

<table>
<thead>
<tr>
<th>Activity</th>
<th>B. Labor or Unit Price</th>
<th>C. Materials or # of Units</th>
<th>D. Total Construction Costs</th>
<th>E. Acquisition Costs</th>
<th>F. Engineering / Architectural Costs</th>
<th>G. Total Activity Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detention</td>
<td>$74,316</td>
<td>$137,464</td>
<td>$116,988</td>
<td>$37,360</td>
<td>$45,622</td>
<td>$598,711</td>
</tr>
<tr>
<td>Rough grading</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fine grading</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-site concrete</td>
<td>$116,988</td>
<td>$37,360</td>
<td>$45,622</td>
<td>$598,711</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-site electrical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-site paving</td>
<td>$419,998</td>
<td>$33,528</td>
<td>$14,010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-site utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decorative masonry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bumper stops, striping &amp; signs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1,477,096</td>
</tr>
</tbody>
</table>

**Signature of Registered Engineer**

2/22/2019

**Printed Name**

JEFFREY W. DOLIAN, P.E. (TX)

**Seal**

STATE OF TEXAS
PROFESSIONAL ENGINEER

2/20/2019
This form must be submitted with the Development Cost Schedule as justification of Site Work costs.

**Column A:** The Site Work activity reflected here must match the Site Work activity reflected in the Development Cost Schedule.

**Columns B and C:** In determining actual construction cost, two different methods may be used:
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<th>C. Materials or # of Units</th>
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<tbody>
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<td></td>
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</tr>
<tr>
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<td>Fine grading</td>
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</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>$45,622</td>
</tr>
<tr>
<td>On-site paving</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$419,098</td>
</tr>
<tr>
<td>On-site utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$598,711</td>
</tr>
<tr>
<td>Decorative masonry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$33,528</td>
</tr>
<tr>
<td>Bumper stops, striping &amp; signs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$14,010</td>
</tr>
</tbody>
</table>

| Total                           |                        |                            |                             |                      |                                     | $1,477,096              |

Signature of Registered Engineer

Printed Name

Date

If a revised form is submitted, date of submission: 2/27/2019

Seal
### Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

<table>
<thead>
<tr>
<th>TOTAL DEVELOPMENT SUMMARY</th>
<th>Acquisition</th>
<th>New/Rehab.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### ACQUISITION
- Site acquisition cost
- Existing building acquisition cost
- Closing costs & acq. legal fees
- Other (specify) - see footnote 1
- Other (specify) - see footnote 1

**Subtotal Acquisition Cost**

<table>
<thead>
<tr>
<th></th>
<th>Acquisition</th>
<th>New/Rehab.</th>
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</thead>
<tbody>
<tr>
<td>$1,455,000</td>
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<td>$0</td>
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</tbody>
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#### OFF-SITES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-site concrete</td>
<td></td>
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</tr>
<tr>
<td>Storm drains &amp; devices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water &amp; fire hydrants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-site utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-site paving</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Off-site electrical</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
- Other (specify) - see footnote 1
- Other (specify) - see footnote 1

**Subtotal Off-Sites Cost**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

#### SITE WORK

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos Abatement (Demolition Only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detention</td>
<td>74,316</td>
<td>74,316</td>
</tr>
<tr>
<td>Rough grading</td>
<td>137,464</td>
<td>137,464</td>
</tr>
<tr>
<td>Fine grading</td>
<td>116,988</td>
<td>116,988</td>
</tr>
<tr>
<td>On-site concrete</td>
<td>37,360</td>
<td>37,360</td>
</tr>
<tr>
<td>On-site electrical</td>
<td>45,622</td>
<td>45,622</td>
</tr>
<tr>
<td>On-site paving</td>
<td>419,098</td>
<td>419,098</td>
</tr>
<tr>
<td>On-site utilities</td>
<td>598,711</td>
<td>598,711</td>
</tr>
<tr>
<td>Decorative masonry</td>
<td>33,528</td>
<td>33,528</td>
</tr>
<tr>
<td>Bumper stops, striping &amp; signs</td>
<td>14,010</td>
<td>14,010</td>
</tr>
</tbody>
</table>
- Other (specify) - see footnote 1

**Subtotal Site Work Cost**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,477,096</td>
<td>$0</td>
<td>$1,477,096</td>
</tr>
</tbody>
</table>

#### SITE AMENITIES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Landscaping</td>
<td>167,639</td>
<td>167,639</td>
</tr>
<tr>
<td>Pool and decking</td>
<td>179,613</td>
<td>179,613</td>
</tr>
<tr>
<td>Athletic court(s), playground(s)</td>
<td>17,961</td>
<td>17,961</td>
</tr>
<tr>
<td>Fencing</td>
<td>92,800</td>
<td>92,800</td>
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</table>
- Other (specify) - see footnote 1

**Subtotal Site Amenities Cost**

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<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>$458,014</td>
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</table>
**BUILDING COSTS**:  

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<tr>
<th>Item</th>
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<tbody>
<tr>
<td>Concrete</td>
<td>754,197</td>
<td>754,197</td>
</tr>
<tr>
<td>Masonry</td>
<td>396,946</td>
<td>396,946</td>
</tr>
<tr>
<td>Metals</td>
<td>270,915</td>
<td>270,915</td>
</tr>
<tr>
<td>Woods and Plastics</td>
<td>2,036,332</td>
<td>2,036,332</td>
</tr>
<tr>
<td>Thermal and Moisture Protection</td>
<td>113,130</td>
<td>113,130</td>
</tr>
<tr>
<td>Roof Covering</td>
<td>99,236</td>
<td>99,236</td>
</tr>
<tr>
<td>Doors and Windows</td>
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<td>210,381</td>
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<tr>
<td>Finishes</td>
<td>1,216,639</td>
<td>1,216,639</td>
</tr>
<tr>
<td>Specialties</td>
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<td>117,099</td>
</tr>
<tr>
<td>Furnishings</td>
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<td></td>
</tr>
<tr>
<td>Special Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conveying Systems (Elevators)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical (HVAC; Plumbing)</td>
<td>1,091,601</td>
<td>1,091,601</td>
</tr>
<tr>
<td>Electrical</td>
<td>496,182</td>
<td>496,182</td>
</tr>
<tr>
<td>Detached Community Facilities/Building</td>
<td>19,847</td>
<td>19,847</td>
</tr>
<tr>
<td>Carports and/or Garages</td>
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<td></td>
</tr>
<tr>
<td>Lead-Based Paint Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos Abatement (Rehabilitation Only)</td>
<td></td>
<td></td>
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<tr>
<td>Structured Parking</td>
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<td></td>
</tr>
<tr>
<td>Commercial Space Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other (specify) - see footnote 1</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Building Costs**  

Before 11.9(e)(2):  

| Total                               | $6,822,505 | $0 | $6,822,505 |

**Voluntary Eligible Building Costs (After 11.9(e)(2))**  

$81.80 psf  

$6,610,831  

**TOTAL BUILDING COSTS & SITE WORK**  

(before site amenities)  

Total: $8,757,615  

$0  

$8,545,941  

**Contingency**  

5.69%  

$496,177  

$496,177  

**TOTAL HARD COSTS**  

Total: $9,255,792  

$0  

$9,044,118  

**OTHER CONSTRUCTION COSTS**  

<table>
<thead>
<tr>
<th>Item</th>
<th>%THC</th>
<th>%EHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>General requirements (&lt;6%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
<tr>
<td>Field supervision (within GR limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor overhead (&lt;2%)</td>
<td>1.86%</td>
<td>172,525</td>
</tr>
<tr>
<td>G &amp; A Field (within overhead limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor profit (&lt;6%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
</tbody>
</table>

**TOTAL CONTRACTOR FEES**  

Total: $1,205,924  

$0  

$1,205,924  

**TOTAL CONSTRUCTION CONTRACT**  

Before 11.9(e)(2):  

Total: $10,461,716  

$0  

$10,250,042  

**Voluntary Eligible "Hard Costs" (After 11.9(e)(2))**  

Enter amount to be used to achieve desired score:  

$0.00 psf  

$0  

$0

---

If NOT seeking to score points under §11.9(e)(2), E77:E78 should remain BLANK. True eligible building cost should be entered in line items E33:E74. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E77:E78 that produces the target cost per square foot in D77:D78. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

If NOT seeking to score points under §11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E83 and E87:E91. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E96:E97 that produces the target cost per square foot in D96:D97. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.
### SOFT COSTS

<table>
<thead>
<tr>
<th>軟本費用</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>設計評估費用</td>
<td>376,000</td>
<td>376,000</td>
</tr>
<tr>
<td>建築師 - 設計費用</td>
<td>94,000</td>
<td>94,000</td>
</tr>
<tr>
<td>工程費用</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>房地產律師/其他法律費用</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>會計費用</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>影響費用</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>建築許可證及相關費用</td>
<td>400,000</td>
<td>400,000</td>
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<tr>
<td>評估</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>市場分析</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>環境評估</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>土壤報告</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>調查</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>市場推廣</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>險害及責任保險</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>財產稅</td>
<td>190,936</td>
<td>40,936</td>
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<tr>
<td>鐵件及設備</td>
<td>300,000</td>
<td>300,000</td>
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### FINANCING:

#### CONSTRUCTION LOAN(S)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>利息</td>
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<td>440,020</td>
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<tr>
<td>貸款起始費用</td>
<td>120,000</td>
<td>120,000</td>
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<tr>
<td>終封費用及法律費用</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>檢驗費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>信用報告</td>
<td></td>
<td></td>
</tr>
<tr>
<td>折扣點</td>
<td></td>
<td></td>
</tr>
<tr>
<td>其他費用 - 請參見附註1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>其他費用 - 請參見附註1</td>
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</table>

#### PERMANENT LOAN(S)

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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>貸款起始費用</td>
<td>254,750</td>
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<td>終封費用及法律費用</td>
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<tr>
<td>綁定費用</td>
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<td></td>
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<tr>
<td>信用報告</td>
<td></td>
<td></td>
</tr>
<tr>
<td>折扣點</td>
<td></td>
<td></td>
</tr>
<tr>
<td>信用增強費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>預付MIP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>其他費用 - 請參見附註1</td>
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<td></td>
</tr>
<tr>
<td>其他費用 - 請參見附註1</td>
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</tbody>
</table>

#### BRIDGE LOAN(S)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>利息</td>
<td></td>
<td></td>
</tr>
<tr>
<td>貸款起始費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>終封費用及法律費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>檢驗費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>信用報告</td>
<td></td>
<td></td>
</tr>
<tr>
<td>折扣點</td>
<td></td>
<td></td>
</tr>
<tr>
<td>信用增強費用</td>
<td></td>
<td></td>
</tr>
<tr>
<td>預付MIP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>其他費用 - 請參見附註1</td>
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<tr>
<td>其他費用 - 請參見附註1</td>
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<td></td>
</tr>
</tbody>
</table>

建设期间包括回溯税$150,000。
### OTHER FINANCING COSTS³

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credit fees</td>
<td>118,597</td>
<td></td>
</tr>
<tr>
<td>Tax and/or bond counsel</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Payment bonds</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Performance bonds</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Credit enhancement fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage insurance premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of underwriting &amp; issuance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndication organizational cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax opinion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refinance (existing loan payoff amt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Financing Cost</strong></td>
<td>$1,475,955</td>
<td>$0</td>
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</tbody>
</table>

### DEVELOPER FEES³

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing consultant fees</td>
<td>284,664</td>
<td>284,664</td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>1,613,095</td>
<td>1,613,095</td>
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<tr>
<td><strong>Profit or fee</strong></td>
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<td></td>
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<tr>
<td><strong>Subtotal Developer Fees</strong></td>
<td>$1,897,758</td>
<td>$0</td>
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</table>

### RESERVES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent-up - new funds</td>
<td>391,912</td>
<td></td>
</tr>
<tr>
<td>Rent-up - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating - new funds</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Operating - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - new funds</td>
<td>431,688</td>
<td></td>
</tr>
<tr>
<td>Escrows - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Reserves</strong></td>
<td>$1,073,600</td>
<td>$0</td>
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</table>

*Any existing reserve amounts should be listed on the Schedule of Sources.

### TOTAL HOUSING DEVELOPMENT COSTS³

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rent-up - new funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rent-up - existing reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating - new funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating - existing reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Replacement - new funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Replacement - existing reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Escrows - new funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Escrows - existing reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Financing Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Developer Fees</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL HOUSING DEVELOPMENT COSTS</strong></td>
<td>$18,544,964</td>
<td>$0</td>
</tr>
</tbody>
</table>

The following calculations are for HTC Applications only.

#### Deduct From Basis:

- Federal grants used to finance costs in Eligible Basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units §42(d)(5)
- Historic Credits (residential portion only)

<table>
<thead>
<tr>
<th>Total Eligible Basis</th>
<th>$0</th>
<th>$14,658,756</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Adjusted Basis</strong></td>
<td>$0</td>
<td>$19,056,382</td>
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<tr>
<td>Applicable Fraction</td>
<td>89.90%</td>
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</tr>
<tr>
<td><strong>Total Qualified Basis</strong></td>
<td>$17,131,687</td>
<td>$0</td>
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<tr>
<td>Applicable Percentage</td>
<td>9.00%</td>
<td></td>
</tr>
<tr>
<td><strong>Credits Supported by Eligible Basis</strong></td>
<td>$1,541,852</td>
<td>$0</td>
</tr>
</tbody>
</table>

#### Requested Score for 11.9(e)(2)

- $1,500,000

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.

Name of contact for Cost Estimate: **Andre Nicholas, NE Construction, LLP**

Phone Number for Contact: **972-221-0095 x120**

If a revised form is submitted, date of submission: **2/27/2019**
This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

<table>
<thead>
<tr>
<th>TOTAL DEVELOPMENT SUMMARY</th>
<th>Eligible Basis (if Applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>ACQUISITION</td>
<td></td>
</tr>
<tr>
<td>Site acquisition cost</td>
<td>1,455,000</td>
</tr>
<tr>
<td>Existing building acquisition cost</td>
<td></td>
</tr>
<tr>
<td>Closing costs &amp; acq. legal fees</td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Subtotal Acquisition Cost</td>
<td>1,455,000</td>
</tr>
<tr>
<td>OFF-SITES^2</td>
<td></td>
</tr>
<tr>
<td>Off-site concrete</td>
<td></td>
</tr>
<tr>
<td>Storm drains &amp; devices</td>
<td></td>
</tr>
<tr>
<td>Water &amp; fire hydrants</td>
<td></td>
</tr>
<tr>
<td>Off-site utilities</td>
<td></td>
</tr>
<tr>
<td>Sewer lateral(s)</td>
<td></td>
</tr>
<tr>
<td>Off-site paving</td>
<td></td>
</tr>
<tr>
<td>Off-site electrical</td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Subtotal Off-Sites Cost</td>
<td></td>
</tr>
<tr>
<td>SITE WORK^3</td>
<td></td>
</tr>
<tr>
<td>Demolition</td>
<td></td>
</tr>
<tr>
<td>Asbestos Abatement (Demolition Only)</td>
<td></td>
</tr>
<tr>
<td>Detention</td>
<td>74,316</td>
</tr>
<tr>
<td>Rough grading</td>
<td>137,464</td>
</tr>
<tr>
<td>Fine grading</td>
<td>116,988</td>
</tr>
<tr>
<td>On-site concrete</td>
<td>37,360</td>
</tr>
<tr>
<td>On-site electrical</td>
<td>45,622</td>
</tr>
<tr>
<td>On-site paving</td>
<td>419,098</td>
</tr>
<tr>
<td>On-site utilities</td>
<td>598,711</td>
</tr>
<tr>
<td>Decorative masonry</td>
<td>33,528</td>
</tr>
<tr>
<td>Bumper stops, striping &amp; signs</td>
<td>14,010</td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Subtotal Site Work Cost</td>
<td>$1,477,096</td>
</tr>
<tr>
<td>SITE AMENITIES</td>
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</tr>
<tr>
<td>Landscaping</td>
<td>167,639</td>
</tr>
<tr>
<td>Pool and decking</td>
<td>179,613</td>
</tr>
<tr>
<td>Athletic court(s), playground(s)</td>
<td>17,961</td>
</tr>
<tr>
<td>Fencing</td>
<td>92,800</td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
</tr>
<tr>
<td>Subtotal Site Amenities Cost</td>
<td>$458,014</td>
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</tbody>
</table>

5/22/2019
<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
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</thead>
<tbody>
<tr>
<td>Concrete</td>
<td>754,197</td>
<td>754,197</td>
</tr>
<tr>
<td>Masonry</td>
<td>396,946</td>
<td>396,946</td>
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<tr>
<td>Metals</td>
<td>270,915</td>
<td>270,915</td>
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<tr>
<td>Woods and Plastics</td>
<td>2,036,332</td>
<td>2,036,332</td>
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<tr>
<td>Thermal and Moisture Protection</td>
<td>113,130</td>
<td>113,130</td>
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<tr>
<td>Roof Covering</td>
<td>99,236</td>
<td>99,236</td>
</tr>
<tr>
<td>Doors and Windows</td>
<td>210,381</td>
<td>210,381</td>
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<tr>
<td>Finishes</td>
<td>1,216,639</td>
<td>1,216,639</td>
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<tr>
<td>Specialties</td>
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<td>117,099</td>
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<tr>
<td>Furnishings</td>
<td></td>
<td></td>
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<tr>
<td>Special Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conveying Systems (Elevators)</td>
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<td></td>
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<tr>
<td>Mechanical (HVAC, Plumbing)</td>
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<td>1,091,601</td>
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<tr>
<td>Electrical</td>
<td>496,182</td>
<td>496,182</td>
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</table>

**Individually itemize costs below:**
- Detached Community Facilities/Building
- Carports and/or Garages
- Lead-Based Paint Abatement
- Asbestos Abatement (Rehabilitation Only)
- Structured Parking
- Commercial Space Costs

**Other (specify) - see footnote 1**

<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached Community Facilities/Building</td>
<td>19,847</td>
<td>19,847</td>
</tr>
<tr>
<td>Carports and/or Garages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead-Based Paint Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured Parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Space Costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Building Costs Before 11.9(e)(2)**

<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency</td>
<td>5.69%</td>
<td>$498,177</td>
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</table>

**TOTAL BUILDING COSTS & SITE WORK**

<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency</td>
<td>5.69%</td>
<td>$498,177</td>
</tr>
</tbody>
</table>

**TOTAL HARD COSTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>%THC</th>
<th>%EHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>General requirements (&lt;5%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
<tr>
<td>Field supervision (within GR limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor overhead (&lt;2%)</td>
<td>1.85%</td>
<td>172,525</td>
</tr>
<tr>
<td>G &amp; A Field (within overhead limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor profit (&lt;6%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
</tbody>
</table>

**TOTAL CONTRACTOR FEES**

<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Eligible &quot;Hard Costs&quot; (After 11.9(e)(2))</td>
<td>$0.00 psf</td>
<td>$0.00 psf</td>
</tr>
</tbody>
</table>

**TOTAL CONSTRUCTION CONTRACT Before 11.9(e)(2)**

<table>
<thead>
<tr>
<th>Description</th>
<th>11.9(e)(2)</th>
<th>Before 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary Eligible &quot;Hard Costs&quot; (After 11.9(e)(2))</td>
<td>$0.00 psf</td>
<td>$0.00 psf</td>
</tr>
</tbody>
</table>

If NOT seeking to score points under $11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E83 and E87:E91. If requesting points under $11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E96:E97 that produces the target cost per square foot in D77:D78. Enter Requested Score for $11.9(e)(2) at the bottom of the schedule in D202.
### SOFT COSTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural - Design fees</td>
<td>376,000</td>
<td>376,000</td>
</tr>
<tr>
<td>Architectural - Supervision fees</td>
<td>94,000</td>
<td>94,000</td>
</tr>
<tr>
<td>Engineering fees</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Real estate attorney/other legal fees</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Impact Fees</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Building permits &amp; related costs</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Appraisal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Market analysis</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Environmental assessment</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Soils report</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Survey</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Hazard &amp; liability insurance</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Real property taxes</td>
<td>190,936</td>
<td>40,936</td>
</tr>
<tr>
<td>Personal property taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant Relocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Soft Cost**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>FF&amp;E</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,930,936</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

### CONSTRUCTION LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>851,059</td>
<td>440,020</td>
</tr>
<tr>
<td>Loan origination fees</td>
<td>128,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Closing costs &amp; legal fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspection fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount Points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PERMANENT LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan origination fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing costs &amp; legal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit enhancement fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid MIP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### BRIDGE LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan origination fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing costs &amp; legal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Other Financing Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credit fees</td>
<td>118,597</td>
<td></td>
</tr>
<tr>
<td>Tax and/or bond counsel</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Payment bonds</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>Performance bonds</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Credit enhancement fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage insurance premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of underwriting &amp; issuance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndication organizational cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax opinion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refinance (existing loan payoff amt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Financing Cost**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,572,406</td>
<td>$0</td>
<td>$790,020</td>
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</tbody>
</table>

## Developer Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing consultant fees</td>
<td>284,664</td>
<td></td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td></td>
<td>284,664</td>
</tr>
<tr>
<td>Profit or fee</td>
<td>1,613,095</td>
<td>1,613,095</td>
</tr>
</tbody>
</table>

**Subtotal Developer Fees**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,897,758</td>
<td>$0</td>
<td>$1,897,758</td>
</tr>
</tbody>
</table>

**Reserves**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent-up - new funds</td>
<td>391,912</td>
<td></td>
</tr>
<tr>
<td>Rent-up - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating - new funds</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Operating - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - existing reserves</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Reserves**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,073,600</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

*Any existing reserve amounts should be listed on the Schedule of Sources.*

## Total Housing Development Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent-up - new funds</td>
<td>391,912</td>
<td></td>
</tr>
<tr>
<td>Rent-up - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating - new funds</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Operating - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - existing reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - existing reserves</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Subtotal Reserves**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,073,600</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Total Housing Development Costs**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18,391,415</td>
<td>$0</td>
<td>$14,568,756</td>
</tr>
</tbody>
</table>

*The following calculations are for HTC Applications only.*

### Deduct From Basis:

- Federal grants used to finance costs in Eligible Basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units §42(d)(5)
- Historic Credits (residential portion only)

**Total Eligible Basis**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$14,568,756</td>
<td></td>
</tr>
</tbody>
</table>

**High Cost Area Adjustment (100% or 130%)**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$18,939,382</td>
<td></td>
</tr>
</tbody>
</table>

**Applicable Fraction**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>89.90%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Qualified Basis**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$17,026,504</td>
<td>$0</td>
<td>$17,026,504</td>
</tr>
</tbody>
</table>

**Applicable Percentage**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.00%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Credits Supported by Eligible Basis**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,532,385</td>
<td>$0</td>
<td>$1,532,385</td>
</tr>
</tbody>
</table>

**Credit Request (from 17.Development Narrative)**

<table>
<thead>
<tr>
<th>Total</th>
<th>Cost</th>
<th>Total 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,500,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Requested Score for 11.9(e)(2)**

<table>
<thead>
<tr>
<th>Score</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.*

**Name of contact for Cost Estimate:** Andre Nicholas, NE Construction, LLP

**Phone Number for Contact:** 972-221-0095 x120

**If a revised form is submitted, date of submission:** 5/22/2019
# Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

<table>
<thead>
<tr>
<th>TOTAL DEVELOPMENT SUMMARY</th>
<th>Eligible Basis (If Applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td>Acquisition</td>
</tr>
</tbody>
</table>

### ACQUISITION

- **Site acquisition cost**: 1,455,000
- **Existing building acquisition cost**: $0
- **Closing costs & acq. legal fees**: $0
- **Other (specify) - see footnote 1**: $0
- **Other (specify) - see footnote 1**: $0

Subtotal Acquisition Cost: $1,455,000

### OFF-SITES

- **Off-site concrete**: $0
- **Storm drains & devices**: $0
- **Water & fire hydrants**: $0
- **Off-site utilities**: $0
- **Sewer lateral(s)**: $0
- **Off-site paving**: $0
- **Off-site electrical**: $0
- **Other (specify) - see footnote 1**: $0
- **Other (specify) - see footnote 1**: $0

Subtotal Off-Sites Cost: $0

### SITE WORK

- **Demolition**: $0
- **Asbestos Abatement (Demolition Only)**: 74,316
- **Detention**: 137,464
- **Rough grading**: 137,464
- **Fine grading**: 116,988
- **On-site concrete**: 37,360
- **On-site electrical**: 45,622
- **On-site paving**: 419,098
- **On-site utilities**: 598,711
- **Decorative masonry**: 33,528
- **Bumper stops, striping & signs**: 14,010
- **Other (specify) - see footnote 1**: $0

Subtotal Site Work Cost: $1,477,096

### SITE AMENITIES

- **Landscaping**: 167,639
- **Pool and decking**: 179,613
- **Athletic court(s), playground(s)**: 17,961
- **Fencing**: 92,800
- **Other (specify) - see footnote 1**: $0

Subtotal Site Amenities Cost: $458,014

Includes $25,000 direct broker commission
## BUILDING COSTS:

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete</td>
<td>754,197</td>
<td>754,197</td>
</tr>
<tr>
<td>Masonry</td>
<td>396,946</td>
<td>396,946</td>
</tr>
<tr>
<td>Metals</td>
<td>270,915</td>
<td>270,915</td>
</tr>
<tr>
<td>Woods and Plastics</td>
<td>2,036,332</td>
<td>2,036,332</td>
</tr>
<tr>
<td>Thermal and Moisture Protection</td>
<td>113,130</td>
<td>113,130</td>
</tr>
<tr>
<td>Roof Covering</td>
<td>99,236</td>
<td>99,236</td>
</tr>
<tr>
<td>Doors and Windows</td>
<td>210,381</td>
<td>210,381</td>
</tr>
<tr>
<td>Finishes</td>
<td>1,216,639</td>
<td>1,216,639</td>
</tr>
<tr>
<td>Specialties</td>
<td>117,099</td>
<td>117,099</td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furnishings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conveying Systems (Elevators)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical (HVAC; Plumbing)</td>
<td>1,091,601</td>
<td>1,091,601</td>
</tr>
<tr>
<td>Electrical</td>
<td>496,182</td>
<td>496,182</td>
</tr>
<tr>
<td>Detached Community Facilities/Building</td>
<td>19,847</td>
<td>19,847</td>
</tr>
<tr>
<td>Carports and/or Garages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead-Based Paint Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asbestos Abatement (Rehabilitation Only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structured Parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Space Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Building Costs Before 11.9(e)(2)</strong></td>
<td>$6,822,505</td>
<td></td>
</tr>
</tbody>
</table>

### Individually Itemize Costs Below:

- Detached Community Facilities/Building: 19,847
- Carports and/or Garages: 0
- Lead-Based Paint Abatement: 0
- Asbestos Abatement (Rehabilitation Only): 0
- Structured Parking: 0
- Commercial Space Costs: 0

### Voluntary Eligible Building Costs (After 11.9(e)(2))

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subtotal Building Costs Before 11.9(e)(2)</strong></td>
<td>$6,822,505</td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL BUILDING COSTS & SITE WORK (Including Site Amenities)

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contingency</strong></td>
<td>5.69%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Building Costs Before 11.9(e)(2)</strong></td>
<td>$6,822,505</td>
<td></td>
</tr>
<tr>
<td><strong>Voluntary Eligible Building Costs (After 11.9(e)(2))</strong></td>
<td>$81.80 psf</td>
<td>$6,610,831</td>
</tr>
</tbody>
</table>

### TOTAL HARD COSTS

<table>
<thead>
<tr>
<th>Item</th>
<th>%THC</th>
<th>%EHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>General requirements (&lt;6%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
<tr>
<td>Field supervision (within GR limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor overhead (&lt;2%)</td>
<td>1.86%</td>
<td>172,525</td>
</tr>
<tr>
<td>G &amp; A Field (within overhead limit)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractor profit (&lt;6%)</td>
<td>5.58%</td>
<td>516,699</td>
</tr>
</tbody>
</table>

### TOTAL CONTRACTOR FEES

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Contractor Fees</strong></td>
<td>$1,205,924</td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL CONSTRUCTION CONTRACT Before 11.9(e)(2)

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Construction Contract</strong></td>
<td>$10,461,716</td>
<td></td>
</tr>
</tbody>
</table>

### Voluntary Eligible “Hard Costs” (After 11.9(e)(2))

<table>
<thead>
<tr>
<th>Item</th>
<th>Before 11.9(e)(2)</th>
<th>After 11.9(e)(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voluntary Eligible “Hard Costs” (After 11.9(e)(2))</strong></td>
<td>$0.00 psf</td>
<td></td>
</tr>
</tbody>
</table>

---

If NOT seeking to score points under §11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E33:E74. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E77:E78 that produces the target cost per square foot in D77:D78. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.
## SOFT COSTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (1)</th>
<th>Amount (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural - Design fees</td>
<td>376,000</td>
<td>376,000</td>
</tr>
<tr>
<td>Architectural - Supervision fees</td>
<td>94,000</td>
<td>94,000</td>
</tr>
<tr>
<td>Engineering fees</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Real estate attorney/other legal fees</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Impact Fees</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Building permits &amp; related costs</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Appraisal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Market analysis</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Environmental assessment</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Soils report</td>
<td>35,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Survey</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Health &amp; liability insurance</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Real property taxes</td>
<td>190,936</td>
<td>40,936</td>
</tr>
<tr>
<td>Personal property taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant Relocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FF&amp;E</td>
<td>250,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

**Subtotal Soft Cost**

<table>
<thead>
<tr>
<th></th>
<th>Amount (1)</th>
<th>Amount (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,930,936</td>
<td>$0</td>
</tr>
</tbody>
</table>

## FINANCING:

### CONSTRUCTION LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (1)</th>
<th>Amount (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>851,059</td>
<td>440,020</td>
</tr>
<tr>
<td>Loan origination fees</td>
<td>128,000</td>
<td>128,000</td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Closing costs &amp; legal fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspection fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount Points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PERMANENT LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (1)</th>
<th>Amount (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan origination fees</td>
<td>254,750</td>
<td></td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing costs &amp; legal fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit enhancement fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid MIP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### BRIDGE LOAN(S)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (1)</th>
<th>Amount (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan origination fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title &amp; recording fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing costs &amp; legal fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## OTHER FINANCING COSTS

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax credit fees</td>
<td>118,597</td>
<td></td>
</tr>
<tr>
<td>Tax and/or bond counsel</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Payment bonds</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Performance bonds</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Credit enhancement fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage insurance premiums</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of underwriting &amp; issuance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndication organizational cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax opinion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refinance (existing loan payoff amt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify) - see footnote 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Financing Cost</strong></td>
<td><strong>$1,572,406</strong></td>
<td><strong>$0</strong> <strong>$788,020</strong></td>
</tr>
</tbody>
</table>

## DEVELOPER FEES

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing consultant fees</td>
<td>284,664</td>
<td></td>
</tr>
<tr>
<td>General &amp; administrative</td>
<td>1,613,095</td>
<td></td>
</tr>
<tr>
<td>Profit or fee</td>
<td>1,613,095</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Developer Fees</strong></td>
<td><strong>$1,897,758</strong></td>
<td><strong>$0</strong> <strong>$1,897,758</strong> 14.73%</td>
</tr>
</tbody>
</table>

## RESERVES

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent-up - new funds</td>
<td>391,912</td>
<td></td>
</tr>
<tr>
<td>Rent-up - existing reserves*</td>
<td>250,000</td>
<td></td>
</tr>
<tr>
<td>Operating - new funds</td>
<td>431,688</td>
<td></td>
</tr>
<tr>
<td>Operating - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - new funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Escrows - existing reserves*</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Reserves</strong></td>
<td><strong>$1,073,600</strong></td>
<td><strong>$0</strong> <strong>$0</strong></td>
</tr>
</tbody>
</table>

*Any existing reserve amounts should be listed on the Schedule of Sources.

## TOTAL HOUSING DEVELOPMENT COSTS

<table>
<thead>
<tr>
<th>Total Cost</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL HOUSING DEVELOPMENT COSTS</strong></td>
<td><strong>$18,391,415</strong></td>
<td><strong>$0</strong> <strong>$14,566,756</strong></td>
</tr>
</tbody>
</table>

The following calculations are for HTC Applications only.

### Deduct From Basis:
- Federal grants used to finance costs in Eligible Basis
- Non-qualified non-recourse financing
- Non-qualified portion of higher quality units §42(d)(5)
- Historic Credits (residential portion only)

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Eligible Basis</strong></td>
<td><strong>$0</strong></td>
<td><strong>$14,566,756</strong></td>
</tr>
</tbody>
</table>

**High Cost Area Adjustment (100% or 130%) 130%**

<table>
<thead>
<tr>
<th>Total Adjusted Basis</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Adjusted Basis</strong></td>
<td><strong>$0</strong></td>
<td><strong>$18,936,782</strong></td>
</tr>
</tbody>
</table>

### Applicable Fraction

<table>
<thead>
<tr>
<th>Total Qualified Basis</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Qualified Basis</strong></td>
<td><strong>$17,024,167</strong></td>
<td><strong>$0</strong> <strong>$17,024,167</strong></td>
</tr>
</tbody>
</table>

### Applicable Percentage

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credits Supported by Eligible Basis</strong></td>
<td><strong>$1,532,175</strong></td>
<td><strong>$0</strong> <strong>$1,532,175</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit Request (from 17.Development Narrative)</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit Request</strong></td>
<td><strong>$1,500,000</strong></td>
<td><strong>$0</strong> <strong>$1,500,000</strong></td>
</tr>
</tbody>
</table>

### Requested Score for 11.9(e)(2)

<table>
<thead>
<tr>
<th>Score</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12</strong></td>
<td><strong>12</strong></td>
<td></td>
</tr>
</tbody>
</table>

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.

### Name of contact for Cost Estimate:

**Andre Nicholas, NE Construction, LLP**

### Phone Number for Contact:

**972-221-0095 x120**

### If a revised form is submitted, date of submission:

**6/17/2019**
### Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

<table>
<thead>
<tr>
<th>Financing Participants</th>
<th>Funding Description</th>
<th>Construction Period</th>
<th>Permanent Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan/Equity Amount</td>
<td>Interest Rate (%)</td>
<td>Loan/Equity Amount</td>
</tr>
<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. to Perm. (Repayable)</td>
<td>$1,300,000</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. Only (Repayable)</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>TDHCA</td>
<td>Multifamily Direct Loan (Soft Repayable)</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>TDHCA</td>
<td>Mortgage Revenue Bond</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Capital One</td>
<td>Conventional Loan</td>
<td>$12,000,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Third Party Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Equity Fund</td>
<td>HTC</td>
<td>$1,500,000</td>
<td>$4,830,000</td>
</tr>
<tr>
<td>Grant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Fort Worth</td>
<td>$11.9(d)(2)LPS Contribution</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchill Senior Communities, LLC</td>
<td>$412,464</td>
<td>$402,464</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NE Construction</td>
<td>Direct Loan Match</td>
<td>$65,000</td>
<td>$65,000</td>
</tr>
</tbody>
</table>

**Total Sources of Funds**: $18,544,964  
**Total Uses of Funds**: $18,544,964
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide NHTC equity in the amount of $13,800,000. 35% of this amount will be funded during construction. The syndication rate is $.92. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 15 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,500. NE Construction would be providing a match in the amount of $65,000 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $402,464.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Benjamin G/13,e
Signature, Authorized Representative, Construction or Permanent Lender

Benjamin G/13,e
Printed Name

2/05/19
Date

Telephone: 972.395.1031
Email address: benjamin.g13@capitolone.com

If a revised form is submitted, date of submission: 2/22/2019

972.741.5150
jaldridge@nefinc.org
## Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

<table>
<thead>
<tr>
<th>Financing Participants</th>
<th>Funding Description</th>
<th>Construction Period</th>
<th>Permanent Period</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loan/Equity Amount</td>
<td>Interest Rate (%)</td>
<td>Loan/Equity Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. to Perm. (Repayable)</td>
<td>$1,300,000</td>
<td></td>
<td>$1,300,000</td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. Only (Repayable)</td>
<td>$0</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>TDHCA</td>
<td>Multifamily Direct Loan (Soft Repayable)</td>
<td>$0</td>
<td>0.00%</td>
<td>$ -</td>
</tr>
<tr>
<td>TDHCA</td>
<td>Mortgage Revenue Bond</td>
<td>$0</td>
<td>0.00%</td>
<td>$ -</td>
</tr>
<tr>
<td>Capital One</td>
<td>Conventional Loan</td>
<td>$12,000,000</td>
<td>5.00%</td>
<td>$2,975,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Party Equity</td>
<td></td>
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</tr>
<tr>
<td>National Equity Fund</td>
<td>HTC</td>
<td>$1,500,000</td>
<td>$4,830,000</td>
<td>$13,800,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant</td>
<td>City of Fort Worth</td>
<td>$2,500</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>§11.9(d)(2) LPS Contribution</td>
<td>$2,500</td>
<td>$2,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>Churchill Senior Communities, LLC</td>
<td>$412,464</td>
<td>$402,464</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>NE Construction</td>
<td>Direct Loan Match</td>
<td>$65,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Sources of Funds</td>
<td>$18,544,964</td>
<td>$18,544,964</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Uses of Funds</td>
<td>$18,544,964</td>
<td>$18,544,964</td>
<td></td>
</tr>
</tbody>
</table>

2/27/2019
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide LIHTC equity in the amount of $13,800,000. 35% of this amount will be funded during construction. The syndication rate is $.92. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 15 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,500. NE Construction would be providing a match in the amount of $65,000 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $402,464.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

Telephone:

Email address:

If a revised form is submitted, date of submission: 2/27/2019
## Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

<table>
<thead>
<tr>
<th>Financing Participants</th>
<th>Funding Description</th>
<th>Construction Period</th>
<th>Permanent Period</th>
<th>Lien Position</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loan/Equity Amount</td>
<td>Interest Rate (%)</td>
<td>Loan/Equity Amount</td>
</tr>
<tr>
<td>Debt</td>
<td>TDHCA</td>
<td>MF Direct Loan Const. to Perm. (Repayable)</td>
<td>$0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TDHCA</td>
<td>MF Direct Loan Const. Only (Repayable)</td>
<td>$0 0.00%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TDHCA</td>
<td>Multifamily Direct Loan (Soft Repayable)</td>
<td>$0 0.00%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>TDHCA</td>
<td>Mortgage Revenue Bond</td>
<td>$0 0.00%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Capital One</td>
<td>Conventional Loan</td>
<td>$12,800,000 5.00%</td>
<td>1</td>
</tr>
<tr>
<td>Third Party Equity</td>
<td>National Equity Fund</td>
<td>HTC</td>
<td>$1,500,000</td>
<td>$4,934,507</td>
</tr>
<tr>
<td></td>
<td>Grant</td>
<td>City of Fort Worth</td>
<td>$11.9(d)(2) LPS Contribution</td>
<td>$2,500</td>
</tr>
<tr>
<td></td>
<td>Deferred Developer Fee</td>
<td>Churchill Senior Communities, LLC</td>
<td>$654,408</td>
<td>$425,325</td>
</tr>
<tr>
<td>Other</td>
<td>NE Construction</td>
<td>Direct Loan Match</td>
<td>$65,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total Sources of Funds**: $18,391,415  
**Total Uses of Funds**: $18,391,415
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-Insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide LIHTC equity in the amount of $14,098,590. 35% of this amount will be funded during construction. The syndication rate is $.94. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 15 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,500. NE Construction would be providing a match in the amount of $65,000 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $425,325.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

______________________________  ________________________________  ______________________
Signature, Authorized Representative, Construction or Permanent Lender  Printed Name  Date

Telephone:
Email address:

If a revised form is submitted, date of submission: ________________

5/22/2019
## Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

<table>
<thead>
<tr>
<th>Financing Participants</th>
<th>Funding Description</th>
<th>Construction Period</th>
<th>Permanent Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loan/Equity Amount</td>
<td>Interest Rate (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. to Perm. (Repayable)</td>
<td>$0</td>
<td>$ -</td>
</tr>
<tr>
<td>TDHCA</td>
<td>MF Direct Loan Const. Only (Repayable)</td>
<td>$0</td>
<td>0.00%</td>
</tr>
<tr>
<td>TDHCA</td>
<td>Multifamily Direct Loan (Soft Repayable)</td>
<td>$0</td>
<td>$ -</td>
</tr>
<tr>
<td>TDHCA</td>
<td>Mortgage Revenue Bond</td>
<td>$0</td>
<td>$ -</td>
</tr>
<tr>
<td>Capital One</td>
<td>Conventional Loan</td>
<td>$12,800,000</td>
<td>5.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Third Party Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Equity Fund</td>
<td>HTC</td>
<td>$1,500,000</td>
<td>$4,934,507</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Fort Worth</td>
<td>§11.9(d)(2)LPS Contribution</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deferred Developer Fee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchill Senior Communities, LLC</td>
<td>$654,408</td>
<td>$490,325</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Loan Match</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total Sources of Funds | $18,391,415 | $18,391,415 |
| Total Uses of Funds    | $18,391,415 | $18,391,415 |
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

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Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender ________________________________

Printed Name ________________________________ Date ________________________________

Telephone: ________________________________

Email address: ________________________________

If a revised form is submitted, date of submission: ________________________________
Match Funds (Multifamily Direct Loan Applications Only) [§13.2(8)]

Match in the amount of at least 5% of the Multifamily Direct Loan funds requested must be documented with a letter from the anticipated provider of Match indicating the provider’s willingness and ability to make a financial commitment should the Development receive an award of Multifamily Direct Loan funds. The information provided must be consistent with all other documentation in the Application.

Indicate the amount and source of Match funds in the appropriate spaces in the table below.

Generally, a Related Party contribution to the Development is not considered eligible Match. Please see 10 TAC §13.2(8) as well as the Match Guidance below.

<table>
<thead>
<tr>
<th>Type of Match Pledged</th>
<th>Pledged Amount</th>
<th>Source of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Federal Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waived, foregone or deferred fees and charges (ex: debris removal and container fees, tap fees, building permits, other mandatory fees charged by the local municipality) <strong>CANNOT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below Market Interest Rate Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Tax Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated Non-Professional Labor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Federally Funded Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental Value of Donated Use of Site Preparation or Construction Equipment</td>
<td>$ 65,000</td>
<td></td>
</tr>
<tr>
<td>Donated Construction Materials</td>
<td>$ 65,000</td>
<td></td>
</tr>
<tr>
<td>Donated Site Preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated Demolition Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donated Real Property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Value of Match Pledged</td>
<td>$ 65,000</td>
<td></td>
</tr>
<tr>
<td>Total Amount of MF Direct Loan funds Requested</td>
<td>$ 1,300,000</td>
<td></td>
</tr>
<tr>
<td>Percentage of MF Direct Loan Funds to be Matched</td>
<td>5.00%</td>
<td></td>
</tr>
<tr>
<td>(Total Value of Match /MF Direct Loan Funds Requested)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
February 18, 2019

Mr. Brad Forslund
Churchill Senior Communities, L.P.
5605 N. MacArthur Blvd. Suite 580
Irving, TX 75038

Re: Churchill at Golden Triangle Community, L.P.

Mr. Forslund,

This letter will serve as written notice that N.E. Construction, LLP will donate construction materials valued in the amount of $65,000.00 as part of the cash match requirement for Churchill at Golden Triangle Community, L.P.

We appreciate the opportunity to work with your company on this project.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Regards.

Andre Nicholas
Vice President
### Finance Scoring (for Competitive HTC Applications ONLY)

**Self Score Total:** 120

<table>
<thead>
<tr>
<th>1. Commitment of Development Funding by Local Political Subdivision (§11.9(d)(2))</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of the Local Political Subdivision providing the funding:</td>
<td><strong>City of Fort Worth, Texas</strong></td>
</tr>
<tr>
<td>☑ A letter from an official of the political subdivision stating that the political subdivision will provide a loan, grant, reduced fees or contribution of other value type, and the terms under which it will be provided is in the application.</td>
<td></td>
</tr>
<tr>
<td>☑ The dollar value of the contribution must be in the letter and must equal $500 or more if Urban and $250 or more if Rural or USDA.</td>
<td></td>
</tr>
<tr>
<td>☑ The commitment of development funding is reflected in the Application as a financial benefit to the Development, i.e. reported as a source of funds on the Sources and Uses Form and/or reflected in a lower cost in the Development Cost Schedule, such as notation of a reduction in building permits and related costs.</td>
<td></td>
</tr>
<tr>
<td><strong>Total Points Claimed:</strong></td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Financial Feasibility (§11.9(e)(1))</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Eligible Pro-Forma and letter stating the Development is financially feasible.</td>
<td>0</td>
</tr>
<tr>
<td>☑ Eligible Pro-Forma and letter stating Development and Principals are acceptable.</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total Points Claimed:</strong></td>
<td>18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Leveraging of Private, State, and Federal Resources (§2306.6725(a)(3); §11.9(e)(4))</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Units restricted to serve households at or below 30% of AMGI</td>
<td>9.09%</td>
</tr>
<tr>
<td>HTC funding request as a percent of Total Housing Development Cost</td>
<td>8.09%</td>
</tr>
</tbody>
</table>

**Eligibility for points:**

| ☑ Development Leverages CDBG Disaster Recovery, HOPE VI, RAD or Choice Neighborhood Funding | 0 |
| Housing Tax Credit Request | 3 |
| Housing Tax Credit Request | 2 |
| Housing Tax Credit Request | 1 |

*Be sure no more than 50% of Developer fees are deferred.*

**Total Points Claimed:** 3
Supporting Documents Should be Included Behind this Tab

ALL SUPPORTING DOCUMENTS MUST BE CONSISTENT WITH THE SOURCES AND USES

- Executed Pro Forma from Permanent or Construction Lender
- Letter from lender regarding approval of Principals (consistent with Template)
- Evidence of all Permanent and Construction Financing (term sheets, loan agreements)

**NOTE:** Term sheets and/or loan documents from debt and equity providers must include a statement confirming they are aware the Applicant intends to elect income averaging. If the term sheet speaks to unit designations, ensure those unit designations are consistent with the rent schedule and site plan.

- Evidence of any Gap Financing, terms included
- Evidence of any Owner Contributions, with financial support if required
- Evidence of Equity Financing (HTC applications only)

- Letter from Texas Historical Commission (THC) indicating preliminary eligibility for historic (rehabilitation) tax credits and documentation of Certified Historic Structure status as detailed in QAP §11.9(e)(6) was submitted behind TAB 19.

- Letter from Local Political Subdivision evidencing a loan, grant, reduced fees or contribution of other value to benefit the Development. [QAP §11.9(d)(2)]

- Evidence of Rental Assistance/Subsidy
### 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year first year of stabilized occupancy using today's best estimates of market rents, restricted rental income and expenses, and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

#### INCOME

<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$965,322</td>
<td>$954,655</td>
<td>$974,927</td>
<td>$984,262</td>
<td>$1,044,502</td>
<td>$1,177,539</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,064</td>
<td>$16,375</td>
<td>$16,687</td>
<td>$17,997</td>
</tr>
<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$980,772</td>
<td>$970,408</td>
<td>$991,002</td>
<td>$1,001,537</td>
<td>$1,061,889</td>
<td>$1,194,126</td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($723,548)</td>
<td>($75,025)</td>
<td>($78,532)</td>
<td>($82,039)</td>
<td>($85,546)</td>
<td>($90,052)</td>
</tr>
<tr>
<td>Rental Concessions</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
<td>$907,224</td>
<td>$965,383</td>
<td>$1,012,475</td>
<td>$1,019,500</td>
<td>$1,076,343</td>
<td>$1,204,070</td>
</tr>
</tbody>
</table>

#### EXPENSES

<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,305</td>
<td>$59,955</td>
<td>$61,599</td>
<td>$71,828</td>
</tr>
<tr>
<td>Management Fee</td>
<td>$4,351</td>
<td>$4,626</td>
<td>$4,901</td>
<td>$5,176</td>
<td>$5,450</td>
<td>$6,100</td>
</tr>
<tr>
<td>Payroll, Payroll Tax, &amp; Employee Benefits</td>
<td>$128,520</td>
<td>$130,376</td>
<td>$132,232</td>
<td>$134,088</td>
<td>$136,944</td>
<td>$149,800</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$60,885</td>
<td>$62,712</td>
<td>$64,539</td>
<td>$66,367</td>
<td>$68,195</td>
<td>$79,441</td>
</tr>
<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,720</td>
<td>$25,452</td>
<td>$26,185</td>
<td>$26,918</td>
<td>$31,315</td>
</tr>
<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,462</td>
<td>$50,869</td>
<td>$55,294</td>
</tr>
<tr>
<td>Annual Property Insurance Premiums</td>
<td>$23,700</td>
<td>$25,521</td>
<td>$27,354</td>
<td>$29,187</td>
<td>$30,021</td>
<td>$33,946</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,956</td>
<td>$109,044</td>
<td>$112,122</td>
<td>$130,323</td>
</tr>
<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,495</td>
<td>$26,250</td>
<td>$27,005</td>
<td>$27,760</td>
<td>$32,293</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$74,250</td>
<td>$76,573</td>
<td>$78,907</td>
<td>$81,241</td>
<td>$83,576</td>
<td>$96,910</td>
</tr>
<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td>$557,688</td>
<td>$564,487</td>
<td>$572,559</td>
<td>$580,763</td>
<td>$589,050</td>
<td>$680,185</td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>$319,516</td>
<td>$320,483</td>
<td>$321,479</td>
<td>$321,979</td>
<td>$322,493</td>
<td>$303,885</td>
</tr>
</tbody>
</table>

#### DEBT SERVICE

<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$45,837</td>
<td>$44,804</td>
<td>$45,828</td>
<td>$46,300</td>
<td>$46,824</td>
<td>$46,824</td>
</tr>
<tr>
<td>CUMULATIVE NET CASH FLOW</td>
<td>$45,837</td>
<td>$50,608</td>
<td>$58,436</td>
<td>$64,736</td>
<td>$71,559</td>
<td>$118,383</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
</tr>
</tbody>
</table>

By signing below (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Date

Phone: 312-316-9115
Email: benjamin.gilla@capitalone.com

2/19/19
### 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro formas should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today’s best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 5% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

#### INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POTENTIAL GROSS ANNUAL RENTAL INCOME</strong></td>
<td>$965,328</td>
<td>$984,655</td>
<td>$1,004,327</td>
<td>$1,024,414</td>
<td>$1,044,902</td>
<td>$1,153,656</td>
<td>$1,273,730</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,357</td>
<td>$20,738</td>
</tr>
<tr>
<td><strong>POTENTIAL GROSS ANNUAL INCOME</strong></td>
<td>$980,772</td>
<td>$1,000,337</td>
<td>$1,020,395</td>
<td>$1,040,803</td>
<td>$1,061,619</td>
<td>$1,172,113</td>
<td>$1,294,108</td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($78,558)</td>
<td>($75,029)</td>
<td>($76,530)</td>
<td>($75,060)</td>
<td>($76,621)</td>
<td>($87,088)</td>
<td>($97,050)</td>
</tr>
<tr>
<td>Rental Concessions</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>EFFECTIVE GROSS ANNUAL INCOME</strong></td>
<td>$907,214</td>
<td>$925,358</td>
<td>$943,866</td>
<td>$962,743</td>
<td>$981,298</td>
<td>$1,084,205</td>
<td>$1,197,050</td>
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</tbody>
</table>

#### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$60,155</td>
<td>$61,959</td>
<td>$71,828</td>
<td>$83,268</td>
</tr>
<tr>
<td>Management Fee</td>
<td>$45,361</td>
<td>$46,268</td>
<td>$47,193</td>
<td>$48,137</td>
<td>$49,100</td>
<td>$54,210</td>
<td>$59,852</td>
</tr>
<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$128,520</td>
<td>$132,376</td>
<td>$136,347</td>
<td>$140,347</td>
<td>$144,650</td>
<td>$167,689</td>
<td>$194,398</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$60,885</td>
<td>$62,712</td>
<td>$64,593</td>
<td>$66,351</td>
<td>$68,527</td>
<td>$79,441</td>
<td>$92,094</td>
</tr>
<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,720</td>
<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
<td>$31,315</td>
<td>$36,302</td>
</tr>
<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,501</td>
<td>$50,986</td>
<td>$59,106</td>
<td>$68,520</td>
</tr>
<tr>
<td>Annual Property Insurance Premiums</td>
<td>$29,700</td>
<td>$30,591</td>
<td>$31,599</td>
<td>$32,454</td>
<td>$33,428</td>
<td>$38,752</td>
<td>$44,924</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,965</td>
<td>$109,144</td>
<td>$112,418</td>
<td>$130,323</td>
<td>$151,080</td>
</tr>
<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$27,045</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$74,250</td>
<td>$76,478</td>
<td>$78,772</td>
<td>$81,355</td>
<td>$83,569</td>
<td>$96,879</td>
<td>$112,210</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL EXPENSES</strong></td>
<td>$587,698</td>
<td>$604,875</td>
<td>$622,559</td>
<td>$640,763</td>
<td>$659,505</td>
<td>$761,837</td>
<td>$880,186</td>
</tr>
<tr>
<td><strong>NET OPERATING INCOME</strong></td>
<td>$319,516</td>
<td>$330,483</td>
<td>$321,307</td>
<td>$321,979</td>
<td>$322,493</td>
<td>$322,368</td>
<td>$316,864</td>
</tr>
</tbody>
</table>

#### DEBT SERVICE

<table>
<thead>
<tr>
<th>Description</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 10</th>
<th>Year 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
<td>$61,639</td>
</tr>
<tr>
<td><strong>ANNUAL NET CASH FLOW</strong></td>
<td>$43,837</td>
<td>$44,804</td>
<td>$45,628</td>
<td>$46,300</td>
<td>$46,814</td>
<td>$46,689</td>
<td>$41,185</td>
</tr>
<tr>
<td><strong>CUMULATIVE NET CASH FLOW</strong></td>
<td>$43,837</td>
<td>$88,642</td>
<td>$134,270</td>
<td>$180,570</td>
<td>$227,828</td>
<td>$461,140</td>
<td>$680,825</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.15</td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro formas, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminary considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under $11,9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Printed Name: Jason Aldridge, VP NEF

Phone: 
Email: jaldridge@nefin.org

Date: 2/21/19

Printed Name: 
Phone: 
Email:

Date: 2/20/19

If a revised form is submitted, date of submission: 

# 15 Year Rental Housing Operating Pro Forma (All Programs)

Pro formas should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rent, rental income, and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 1% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

### Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Income 1</th>
<th>Income 2</th>
<th>Income 3</th>
<th>Income 4</th>
<th>Income 5</th>
<th>Income 6</th>
<th>Income 7</th>
<th>Income 8</th>
<th>Income 9</th>
<th>Income 10</th>
<th>Income 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>TENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$985,326</td>
<td>$984,635</td>
<td>$1,004,327</td>
<td>$1,024,414</td>
<td>$1,044,502</td>
<td>$1,064,590</td>
<td>$1,084,678</td>
<td>$1,104,766</td>
<td>$1,124,854</td>
<td>$1,144,942</td>
<td>$1,164,030</td>
</tr>
<tr>
<td>Rent</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$17,045</td>
<td>$17,373</td>
<td>$17,701</td>
<td>$18,029</td>
<td>$18,358</td>
<td>$18,686</td>
</tr>
<tr>
<td>TENTIAL GROSS ANNUAL INCOME</td>
<td>$970,767</td>
<td>$982,867</td>
<td>$1,018,259</td>
<td>$1,039,057</td>
<td>$1,059,751</td>
<td>$1,080,449</td>
<td>$1,101,147</td>
<td>$1,121,845</td>
<td>$1,142,543</td>
<td>$1,163,241</td>
<td>$1,183,939</td>
</tr>
<tr>
<td>section for Vacancy &amp; Collection Loss</td>
<td>($71,586)</td>
<td>($72,329)</td>
<td>($73,072)</td>
<td>($73,815)</td>
<td>($74,558)</td>
<td>($75,301)</td>
<td>($76,044)</td>
<td>($76,787)</td>
<td>($77,530)</td>
<td>($78,273)</td>
<td>($79,016)</td>
</tr>
<tr>
<td>Net Rental Income</td>
<td>$969,181</td>
<td>$980,538</td>
<td>$1,015,187</td>
<td>$1,035,242</td>
<td>$1,054,293</td>
<td>$1,077,148</td>
<td>$1,094,103</td>
<td>$1,118,058</td>
<td>$1,134,913</td>
<td>$1,155,408</td>
<td>$1,174,903</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Year 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Rental &amp; Administrative Expenses</td>
<td>$55,650</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
<td>$58,403</td>
</tr>
<tr>
<td>Management Fee</td>
<td>$45,361</td>
<td>$46,268</td>
<td>$47,193</td>
<td>$48,128</td>
<td>$49,063</td>
<td>$49,998</td>
<td>$50,933</td>
<td>$51,868</td>
<td>$52,803</td>
<td>$53,738</td>
<td>$54,673</td>
</tr>
<tr>
<td>Fire &amp; Maintenance</td>
<td>$60,885</td>
<td>$62,712</td>
<td>$64,539</td>
<td>$66,366</td>
<td>$68,193</td>
<td>$69,920</td>
<td>$71,647</td>
<td>$73,374</td>
<td>$75,101</td>
<td>$76,828</td>
<td>$78,555</td>
</tr>
<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,731</td>
<td>$25,462</td>
<td>$26,193</td>
<td>$26,924</td>
<td>$27,655</td>
<td>$28,386</td>
<td>$29,117</td>
<td>$29,848</td>
<td>$30,579</td>
<td>$31,310</td>
</tr>
<tr>
<td>Water &amp; Sewer Utilities</td>
<td>$45,380</td>
<td>$46,639</td>
<td>$48,069</td>
<td>$49,501</td>
<td>$50,933</td>
<td>$52,365</td>
<td>$53,797</td>
<td>$55,229</td>
<td>$56,661</td>
<td>$58,093</td>
<td>$59,525</td>
</tr>
<tr>
<td>Fuel &amp; Transportation</td>
<td>$29,700</td>
<td>$30,591</td>
<td>$31,482</td>
<td>$32,373</td>
<td>$33,264</td>
<td>$34,155</td>
<td>$35,046</td>
<td>$35,937</td>
<td>$36,828</td>
<td>$37,719</td>
<td>$38,610</td>
</tr>
<tr>
<td>Property Insurance Premiums</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,875</td>
<td>$108,872</td>
<td>$111,869</td>
<td>$114,866</td>
<td>$117,862</td>
<td>$120,859</td>
<td>$123,856</td>
<td>$126,853</td>
<td>$129,850</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,235</td>
<td>$26,977</td>
<td>$27,719</td>
<td>$28,461</td>
<td>$29,203</td>
<td>$29,945</td>
<td>$30,687</td>
<td>$31,429</td>
<td>$32,171</td>
</tr>
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<td>Net Operating Income</td>
<td>$597,214</td>
<td>$605,358</td>
<td>$613,466</td>
<td>$621,574</td>
<td>$629,682</td>
<td>$637,790</td>
<td>$645,898</td>
<td>$653,996</td>
<td>$662,094</td>
<td>$662,892</td>
<td>$662,892</td>
</tr>
</tbody>
</table>

### Debt Service

<table>
<thead>
<tr>
<th>Item</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Year 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
<td>$359,144</td>
<td>$360,203</td>
<td>$361,263</td>
<td>$362,323</td>
<td>$363,383</td>
<td>$364,443</td>
<td>$365,503</td>
<td>$366,563</td>
<td>$367,623</td>
<td>$368,683</td>
<td>$369,743</td>
</tr>
</tbody>
</table>

### Net Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Operating Income</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Year 11</th>
</tr>
</thead>
</table>

### Approved by Executive Committee

Benjamin G. Jones, Authorized Representative, Syndicator

[Signature]

Date: 4/23/2019

If a revised form is submitted, date of submission: [ ]
The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income, and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
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<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$965,328</td>
<td>$984,635</td>
<td>$1,004,327</td>
<td>$1,024,414</td>
<td>$1,044,902</td>
<td>$1,153,656</td>
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<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
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<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$980,772</td>
<td>$1,000,387</td>
<td>$1,020,395</td>
<td>$1,040,803</td>
<td>$1,061,619</td>
<td>$1,172,113</td>
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<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($73,558)</td>
<td>($75,020)</td>
<td>($76,530)</td>
<td>($78,060)</td>
<td>($79,621)</td>
<td>($87,908)</td>
<td>($97,058)</td>
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<tr>
<td>Rental Concessions</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
<td>$907,214</td>
<td>$925,358</td>
<td>$943,866</td>
<td>$962,743</td>
<td>$981,998</td>
<td>$1,084,205</td>
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<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$60,155</td>
<td>$61,959</td>
<td>$71,828</td>
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<td>Management Fee</td>
<td>$45,361</td>
<td>$46,268</td>
<td>$47,193</td>
<td>$48,137</td>
<td>$49,100</td>
<td>$54,210</td>
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<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$128,520</td>
<td>$132,376</td>
<td>$136,347</td>
<td>$140,437</td>
<td>$144,650</td>
<td>$167,689</td>
<td>$194,398</td>
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<td>Repairs &amp; Maintenance</td>
<td>$60,885</td>
<td>$62,712</td>
<td>$64,593</td>
<td>$66,531</td>
<td>$68,527</td>
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<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,720</td>
<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
<td>$31,315</td>
<td>$36,302</td>
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<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,501</td>
<td>$50,986</td>
<td>$59,106</td>
<td>$68,520</td>
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<tr>
<td>Annual Property Insurance Premiums</td>
<td>$29,700</td>
<td>$30,591</td>
<td>$31,509</td>
<td>$32,454</td>
<td>$33,428</td>
<td>$38,752</td>
<td>$44,924</td>
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<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,966</td>
<td>$109,144</td>
<td>$112,418</td>
<td>$130,323</td>
<td>$151,080</td>
</tr>
<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$26,954</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
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<tr>
<td>Other Expenses</td>
<td>$74,522</td>
<td>$76,798</td>
<td>$79,060</td>
<td>$81,432</td>
<td>$83,875</td>
<td>$97,234</td>
<td>$112,721</td>
</tr>
<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td>$587,970</td>
<td>$605,155</td>
<td>$622,847</td>
<td>$641,061</td>
<td>$659,811</td>
<td>$762,192</td>
<td>$880,597</td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>$319,244</td>
<td>$320,203</td>
<td>$321,018</td>
<td>$321,682</td>
<td>$322,187</td>
<td>$322,013</td>
<td>$316,452</td>
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</table>

<table>
<thead>
<tr>
<th>DEBT SERVICE</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td></td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$43,565</td>
<td>$44,524</td>
<td>$45,339</td>
<td>$46,003</td>
<td>$46,508</td>
<td>$46,334</td>
<td>$40,773</td>
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<tr>
<td>CUMULATIVE NET CASH FLOW</td>
<td>$43,565</td>
<td>$88,090</td>
<td>$133,429</td>
<td>$179,432</td>
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<td>$675,812</td>
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<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.15</td>
</tr>
</tbody>
</table>

By signing below (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminary considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §1.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Printed Name

Phone:

Email:

Date

If a revised form is submitted, date of submission:

4/23/2019

jwebirdy@nanchong.org
February 25, 2019

Mr. Brad Forslund
Churchill at Golden Triangle Community, L.P.
5605 N. McArthur Blvd., Suite 580
Irving, TX 75038

CONFIDENTIAL

Re: Churchill at Golden Triangle - Fort Worth, TX

Dear Mr. Forslund,

Capital One, National Association (together with its affiliates, “Capital One”) is pleased to provide you with its proposal as outlined in the attached summary of terms and conditions (this letter together with the exhibits attached hereto, the “Proposal”) to provide financing for your proposed development, Churchill at Golden Triangle (the “Development”).

This Proposal contains an outline of suggested terms only, and it does not represent a commitment by Capital One or create any obligation whatsoever on Capital One's part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate Capital One lending authorities. This Proposal replaces and voids any and all previous financing proposals by Capital One for the Development.

Based on the information you have provided, the Development appears feasible, and Capital One is willing to begin due diligence on the following terms.

The attached 15-year pro forma was prepared by the Borrower for Churchill at Golden Triangle located in Fort Worth. The pro forma is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on Capital One’s current underwriting parameters and consistent with the loan terms indicated in the term sheet and is preliminarily considered feasible, pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio.

Additionally, we have performed a preliminary review of the credit worthiness of the Guarantor and its principals. At this time, Capital One has no reservations with the Borrower or any of the principals. We anticipate no additional guarantors or financial strength will be needed to facilitate a loan to this borrower, other than those requirements disclosed herein.

The proposed terms and conditions below (including capitalized terms in bold) are supplemented by those set forth in Exhibit A hereto.

BORROWER: A formed or to-be-formed limited partnership or limited liability company will act as the Borrower.

TYPE and PURPOSE of LOANS: The Construction Loan is a non-revolving multiple-draw loan advanced to finance a portion of the Property Improvements and to bridge the LIHTC equity pay-ins or other subordinated financing. Closing of the Construction Loan will be subject to satisfaction of the conditions set forth in Exhibit B.
Advances under the **Construction Loan** will be made no more frequently than monthly, with the funding based upon the percentage-of-completion for actual work-in-place as approved by Capital One and its construction consultant. Retainage will be withheld on each advance and the terms of the construction contract between the Borrower and the Development’s general contractor (the “General Contractor”) must be acceptable to Capital One. **Retainage Terms** with the General Contractor to be approved by Capital One. Funds will be deposited into the Borrower’s construction account held by Capital One. If requested, funds may be wired from that account; however, scheduled wire charges may apply.

The **Permanent Loan** will be provided by Capital One in the form of a single-draw amortizing term loan. Certain amounts outstanding under the Construction Loan will be converted to the Permanent Loan (the “Conversion”) at the end of the construction phase, subject to satisfaction of the conditions set forth in Exhibit C.

**COLLATERAL; ETC.:** First lien deed of trust/mortgage on the Borrower’s interest in real property and improvements (whether fee simple or leasehold). Assignments and/or first lien security interest in rents and leases, general partner/managing member’s interest, low income housing tax credits, construction contract, architect’s contract, management contract, development agreement, social service contract, FF&E and all accounts including escrow, reserve, and operating accounts.

The **Construction Loan** and **Permanent Loan** will become due upon sale of, or refinance of any debt incurred in respect of, the Project property or **Property Improvements**.

**AFFORDABILITY RESTRICTIONS:** The Development will be affordable to tenants under the **Affordability Restrictions** and may include any **Operating Subsidies** awarded to the Borrower.

**AMOUNT OF LOANS:** The maximum amount of the **Construction Loan** (during the construction phase) shall be the lesser of:
- The **Construction Loan** amount set forth on Exhibit A
- Up to 80% of the sum of the value of the property including the as completed and stabilized value including rent restrictions, inclusive of property tax abatement (if applicable) and the value of the tax credits at the lesser of appraised value or the accepted purchase price

The maximum amount of the **Permanent Loan** (during the permanent phase) shall be the least of:
- The **Permanent Loan** amount set forth on Exhibit A
- The **Permanent Loan to Value** of the as completed and stabilized appraised value (including rent restrictions)
- An amount that would be supported by Development cash flow on the **Debt Service Coverage Ratio** in the reasonable determination of Capital One

**LOAN FEES:** The **Construction Loan Origination Fee** on the full amount of the Construction Loan and the **Permanent Loan Origination Fee** on the full amount of the Permanent Loan. All such fees are due at the closing of the Construction Loan and are nonrefundable.

If the Borrower terminates the commitment for the Permanent Loan, then Borrower will be assessed an exit fee of 5% of the full amount of the Permanent Loan commitment; provided that if the Borrower terminates the commitment for the Permanent Loan in conjunction with
a refinancing by Capital One Multifamily Finance, then Borrower will be charged the lesser of
the 5% exit fee or breakage costs.

CONSTRUCTION LOAN INTEREST RATE and PAYMENTS: Rates quoted are predicated on the
assumption that all operating accounts, construction accounts, reserve accounts and any
other deposit accounts of the Borrower and the Development, including escrow accounts, will
be maintained with Capital One for the entire period that the Construction Loan is outstanding.
If circumstances are such that this cannot be achieved, pricing may vary.

For the Construction Loan, the rate will be determined using Construction Loan Spread
plus an Index which will re-price monthly. Indicative loan pricing for today’s date can be
found in Exhibit A. For underwriting purposes, the interest reserve will be sized assuming a
Construction Minimum Rate.

During construction, interest only payments will be due monthly. Interest shall be calculated
utilizing a 360-day basis for the actual number of days principal is outstanding.

CONSTRUCTION LOAN TERM and EXTENSION: The Construction Loan Term is inclusive of
the Construction Completion Date, which shall not be extended more than 60 days due to
force majeure and, in any event, shall not be extended beyond the placed in service date.
Construction shall commence no later than 30 days of the Anticipated Closing Date.

If the construction loan is extended, there will be an Extension Fee based on the amount of
the Construction Loan extended, including unfunded amounts that will remain available after
extension. An Extension Period may be authorized subject to satisfaction of conditions
including, but not limited to:

- compliance with all placed in service requirements
- lien free completion
- adequate interest reserve
- all scheduled equity due at that point having been funded
- receipt of extension for all additional financing sources as necessary
- no event of default in any documents governing any credit facility, subordinate debt,
  grant, equity or other binding agreements governing the borrower, Development or
guarantor
- Extension Period Physical Occupancy
- Extension Debt Service Coverage Ratio
- Extension Fee payment

Additional extension criteria may be added upon changes in the financing structure and/or
receipt of the loan/equity documents for other lenders/financing partners. If the extension is
exercised, the Borrower will pay any and all reasonable costs related to the extension,
including cost for an updated appraisal, if required.

PERMANENT LOAN TERM, RATE and PREPAYMENT: The Permanent Loan Term and the
Permanent Loan Amortization are set forth in Exhibit A.

An indicative Permanent Loan Rate quoted as of today’s date is set forth in Exhibit A. The
Permanent Loan Rate is subject to change based on market conditions and Capital One will
underwrite and size the Permanent Loan assuming a Minimum Permanent Loan Rate, until
the permanent commitment is rate locked. Rate lock is subject to Capital One’s approval and
a rate lock agreement may be required. A non-refundable Rate Lock Fee will be due at the
closing of the Construction Loan.
Prepayment of the Permanent Loan is permitted during the term of the Permanent Loan, subject to prepayment premium calculated as the greater of 1% of the outstanding Permanent Loan balance or using Fannie Mae’s yield maintenance formula.

GUARANTIES: Capital One will have full recourse to the Borrower, as well as a payment and performance guaranty from (i) the general partner/managing member of the Borrower and (ii) each Guarantor listed on Exhibit A which shall be satisfactory to Capital One following due diligence (collectively, the “Guarantor Parties”). The Guarantor Parties may be subject to Additional Covenants. In addition, Lien Free Completion Guaranties will be required from the parties listed on Exhibit A. These guaranties will include post-Conversion carve outs which are customary for transactions of this type.

The Borrower and the Guarantor Parties will jointly and severally provide environmental indemnification which shall survive the Conversion.

EQUITY: Total LIHTC Contribution will come from the sale of tax credits. Equity terms must be acceptable to Capital One and are subject to credit approval.

Except for certain costs approved by Capital One to be paid at closing of the Construction Loan from the proceeds of equity, the equity investor shall deposit the equity contribution amount in an account of Borrower held at and controlled by Capital One. The funds in that account will be disbursed by Capital One to: (i) pay for approved budgeted items and/or applied to the Construction Loan in accordance with the loan documents, and (ii) pay down the Construction Loan after construction completion to the amount of the Permanent Loan. Capital One will have no obligation to make an advance of the Construction Loan unless and until Capital One has disbursed any installment of equity proceeds then on deposit with Capital One (as will be more particularly provided for in the applicable loan documents).

ADDITIONAL SOURCES OF FINANCING: For all Additional Sources included in the financing structure, all amounts owing to the Additional Sources must remain subordinate on terms satisfactory to Capital One to the amounts outstanding under the Construction Loan or the Permanent Loan until paid in full. There will be a Servicing Fee to administer the Additional Sources during construction.

CASH DEVELOPER FEE: Cash Developer Fee payments will be subordinate to the Construction Loan and will be paid out in accordance with a schedule to be agreed during underwriting.

CONTINGENCIES: Capital One requires a minimum Hard Cost Contingency and Soft Cost Contingency within the budget. Should the applicable finance agency not permit the such contingencies, then a portion of Cash Developer Fee will be escrowed at closing of the Construction Loan in the amount of such contingencies less what is included in the budget. The escrowed Cash Developer Fee will be released with the completion equity installment.

PAYMENT AND PERFORMANCE BONDS OR LETTERS OF CREDIT: The General Contractor will provide payment and performance bonds during construction, provided by a surety with at least an AM Best rating of “A” and acceptable to Capital One in its sole discretion. However, if the General Contractor is unable to provide bonds, or uses a surety company with a lower rating, Capital One is willing to consider a letter of credit in favor of Capital One for no less than 15% of the total amount stated under the construction contract from a highly-rated issuer acceptable to Capital One in its sole discretion.
THIRD PARTIES: Third party firms including, but not limited to, the General Contractor, property manager, consulting engineer, and environmental consultant are subject to Capital One’s review and approval.

NET OPERATING INCOME: Net Operating Income will be treated as set forth on Exhibit A. All Net Operating Income will be held in a deposit account at Capital One.

EXPENSES and GOOD FAITH DEPOSIT: Underwriting, closing, and any other expenses must be reimbursed to Capital One whether or not the Construction Loan closes. Customary expenses include but are not limited to: appraisal, plan & cost review, flood search, legal fees or costs, insurance consultant review, and construction signage.

Please include a Good Faith Deposit when you return a countersigned copy of this Proposal to us. Within three weeks following the closing of the Construction Loan, the deposit will be returned provided that Capital One has confirmed all third-party costs have been paid from the closing requisition. The Good Faith Deposit should not be included as a line item in the development budget. If for any reason the Construction Loan does not close, any third party or legal costs billed to Capital One will be deducted from the deposit and any remaining portion will be refunded. Additional deposits may be required for continued underwriting and legal document drafting if current estimates exceed original estimates prior to final credit approval and closing.

PATRIOT ACT DISCLOSURE: We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the “PATRIOT Act”), Capital One may be required to obtain, verify and record information that identifies the Borrower and each Guarantor Party, which information includes the name, address, tax identification number and other information regarding the Borrower and each Guarantor Party that will allow Capital One to identify the Borrower and each Guarantor Party in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act.

ECOA NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this Capital One is the Consumer Financial Protection Bureau, 1700 G Street NW, Washington DC 20552. If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact the office of Capital One listed at the top of this letter within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

CONFIDENTIALITY: The contents of this Proposal may not be shared with any third party without Capital One’s prior written consent, except for potential equity and subordinated debt investors, professional advisors, management and regulatory or other governmental bodies on a need-to-know basis. All persons who are informed of the contents of this Proposal also shall be informed that such contents are confidential and cannot be disclosed without Capital One’s prior written consent.

WAIVER OF JURY TRIAL: THE PARTIES HERETO, TO THE EXTENT PERMITTED BY LAW, WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, IN
CONNECTION WITH OR RELATING TO, THIS PROPOSAL, THE CONSTRUCTION LOAN, THE
PERMANENT LOAN AND ANY OTHER TRANSACTION RELATED HERETO OR THERETO. THIS
WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT,
CONTRACT OR OTHERWISE.

ACCEPTANCE; EXPIRATION: To accept this Proposal, the Proposal must be countersigned and
returned to us along with the Good Faith Deposit within ten (10) business days of the date of
the letter or the terms of this letter shall become null and void. Once accepted, if the closing
of the Construction Loan does not occur by the Anticipated Closing Date, the terms of this
Proposal shall become null and void.

Notwithstanding the foregoing, the provisions of this letter set forth under the headings
“Expenses and Good Faith Deposit”, “Confidentiality” and “Waiver of Jury Trial” shall survive
the termination or expiration of this Proposal and shall remain in full force and effect
regardless of whether the Construction Loan closes.

[signature page follows]
It is my sincere pleasure to make this Proposal to you. I look forward to your acceptance and to our developing relationship.

Sincerely,

Benjamin Glispie
Capital Officer
Capital One, National Association

Accepted and Agreed:
Churchill at Golden Triangle, L.P.
By: [Signature]
Name: Brad Forsulnd
Date:
EXHIBIT A

The terms and conditions set forth below supplement those set forth in the Proposal letter

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Churchill at Golden Triangle, L.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Improvements</td>
<td>The new construction of a 99-unit family development.</td>
</tr>
</tbody>
</table>
| Affordability Restrictions| • 89 units not to exceed 60% AMI  
<pre><code>                       | 10 unrestricted, market-rate units |
</code></pre>
<p>| <strong>Construction Loan</strong>     | Up to $12,000,000 |
| Retainage Terms           | 10% retainage will be withheld on all draws until 50% completion, and the portion of retainage withheld up until that point will continue to be held until Substantial Completion. Thereafter, retainage withheld will be lowered to 5% on all remaining draws until Substantial Completion, resulting in a net aggregate retainage of 5% held at Substantial Completion. |
| <strong>Permanent Loan</strong>        | Up to $2,975,000 |
| Permanent Loan to Value   | Not to exceed 80% |
| Debt Service Coverage Ratio| 1.15 |
| Construction Loan Origination Fee | 100 Bps |
| Permanent Loan Origination Fee | 100 Bps |
| Construction Loan Spread  | 200 Bps |
| Index                     | One Month LIBOR – currently 228 bps |
| Construction Minimum Rate | Index + Construction Loan Spread + 100 bps |
| Permanent Loan Term       | 15 years |
| Permanent Loan Amortization| 30 years |
| Permanent Loan Rate       | 6.00% – based on a 24-month forward locked rate |
| Minimum Permanent Loan Rate| Permanent Loan Rate plus 50 bps |
| Rate Lock Fee             | N/A |
| Construction Loan Term    | 24 months |
| Construction Completion Date| 15 months of the date of close |
| Extension Fee             | 50 Bps |
| Extension Period          | 6 months |
| Extension Period Physical Occupancy | 75% |
| Extension Debt Service Coverage Ratio | 1.00 |
| <strong>Guarantor 1</strong>           | Churchill Senior Communities, L.P. |
| Additional Covenants      | Minimum Liquidity and Net Worth covenants may be required during underwriting |
| Lien Free Completion Guaranties | General partner/managing member of the Borrower, all Guarantors |
| Total LIHTC Contribution  | $13,800,000 |
| Additional Subordinate Debt - 1 | TDHCA Direct Loan - $1,300,000 |
| Additional Subordinate Debt - 2 | City of Fort Worth Grant - $2,500 |
| Hard Cost Contingency     | 5% of total construction contract |
| Soft Cost Contingency     | 5% of all soft costs (less Origination Fees and Interest Reserve) |</p>
<table>
<thead>
<tr>
<th>Servicing Fee</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Developer Fee</td>
<td>Estimated at $1,897,758, of which $402,464 will be deferred. Payment schedule and Amounts may change subject to final underwriting and approval</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>During the construction phase, distributions of net operating income (income after expenses) are prohibited and the Borrower will report operations.</td>
</tr>
<tr>
<td>Occupancy Requirements</td>
<td>90%</td>
</tr>
<tr>
<td>Good-Faith Deposit</td>
<td>$20,000</td>
</tr>
</tbody>
</table>
EXHIBIT B

CONDITIONS TO CONSTRUCTION LOAN CLOSING

The conditions to closing of the Construction Loan shall be customary for transactions of this nature and appropriate for this particular transaction, including but not limited to:

1. All agreements with respect to the organization of Borrower and the equity investors shall be in form and substance satisfactory to Capital One and all equity contributions to the Borrower required at closing shall have been funded to an account at Capital One.

2. No additional debt shall be secured by the Development property other than the Additional Sources.

3. All money funded for acquisition costs prior to Conversion must be the lower of the cost or the value of the land based on an appraisal approved by Capital One.

4. All due diligence and underwriting has been completed to the satisfaction of Capital One (including the approval of the credit officer and/or credit committee).

5. All representations and warranties under the loan documents shall be true and correct in all material respects and after giving effect to the closing, there shall be no default or event of default under the loan documents.

6. Delivery of the following items to Capital One:
   a. Financial statements, tax returns, operating statements, rent rolls or related documentation requested by Capital One for the Development, the Borrower and the Guarantors, as applicable.
   b. An executed loan agreement and other documents executed in connection therewith which shall be mutually acceptable to Borrower and Capital One.
   c. A Phase I environmental survey dated within six months of the Anticipated Closing Date on which Capital One is entitled to rely. At the sole discretion of Capital One, additional environmental due diligence may be required, including but not limited to a Phase II environmental survey, asbestos and/or lead paint tests; provided that Capital One will consider using an updated version of existing Phase I if acceptable to Capital One’s in-house environmental risk manager.
   d. Management agreement and management plan from an approved third party management company reasonably acceptable to Capital One.
   e. Commitment for title insurance, issued by a title company acceptable to Capital One, covering the Property Improvements, together with the payment of premiums necessary for the title company to issue a mortgagor’s policy of title insurance, with respect thereto, in the amount of the Construction Loan, together with all endorsements thereto as required Capital One.
   f. Evidence that the Property Improvements are not located in a flood prone area.
g. A market and feasibility study for the Property Improvements prepared by an approved market consultant.

h. Evidence that the Development will have adequate parking per zoning requirements.

i. Proforma operating statement for the Development.

j. Survey of the Development that includes any easements or licensing agreements in place.

k. Evidence of fire, hazard, flood (as applicable), builder’s risk, workman’s compensation, and all other insurance as will be required by the loan documents, each naming Capital One as loss payee or mortgagee.

l. Receipt and approval by Capital One of a final construction budget, a construction schedule and a draw schedule, together with a third-party plan and cost review performed by a third party acceptable to Capital One which shall, among other things, verify the adequacy of such construction budget. The cost breakdown should clearly indicate those line items to be funded by the equity contributions and the timing thereof.

m. A recent (within 30 days prior to closing) set of lien searches indicating that the Development and the Borrower are free and clear of all security interests (or will be at the time of closing).

n. The Borrower’s partnership agreement or operating agreement, as applicable, and all amendments and modifications thereto, and copies of any notes, guarantees, and other instruments and agreements issued or executed pursuant thereto.

o. Certified copy of Borrower’s and its general partner’s or managing member’s and each Guarantor’s charter documents, certificates of good standing as of a recent date and evidence of corporate authorization to enter into the transaction contemplated by this Proposal and the loan documents in form and substance acceptable to Capital One.

p. If applicable, the purchase agreement or ground lease of the Development property and all landlord estoppel letters as may be required by Capital One. Any leasehold interest in the Development property subject to a ground lease shall be subordinate to the Construction Loan. Within the lease, Capital One shall require prohibition of lease termination or transfer of fee simple interest without the Capital One’s consent, transferability to Capital One under same terms and assignment of the lease to a new party, and obligation from the landlord to send Capital One notice of any defaults under the lease and grant Capital One certain rights to cure.

q. Opinions of counsel with respect to the Borrower, the Guarantor Parties, and such other entities reasonably requested by Capital One, and covering such matters as Capital One shall deem reasonably necessary or desirable in connection with the transaction.

r. Current plans and specifications for the Development.

s. The contract between Borrower and the Development’s architect, together with an agreement from such architect consenting to the assignment of the plans and
specifications prepared by the architect to Capital One and providing for the subordination of all statutory and contractual liens and claims of the architect against the Development.

t. The general construction contract between Borrower and the General Contractor (which shall be a fixed price/stipulated sum or guaranteed maximum price contract consistent with the budget approved by Capital One), together with an agreement from the General Contractor consenting to the assignment of such contract to Capital One, and providing for the subordination of all statutory and contractual liens and claims of the General Contractor against the Development.

u. All management contracts, operating agreements, franchise agreements, or other contractual arrangements affecting the operation of the Development. Capital One reserves the right to require that all such contracts and agreements be conditionally assigned by Borrower to Capital One, and to further, at the option of Capital One, require that such assignments be acknowledged by the contracting third parties.

v. Evidence in the form of letters from the appropriate provider or from the project engineer, that public water, sanitary and storm sewer, electricity, gas, and other required utilities are available to the Development (as clearly identified in said letters) and in quantities sufficient for the successful operation of the Development. All utility lines must enter the Development through adjoining public streets or, if passing through adjoining private land, do so in accordance with recorded public or private easements satisfactory in form and content to Capital One.

w. Evidence that the Minimum Permanent Loan Rate has been locked and would achieve the Debt Service Coverage Ratio outlined in Appendix A.

x. Evidence that the Development and all planned improvements and intended uses will fully comply with all applicable deed restrictions, laws, regulations, and zoning requirements, and copies of all building and grading permits, operating permits, licenses, consents and approvals, which building and grading permits, operating permits, licenses, consents and approvals shall be conditionally assigned to Capital One.

y. Executed rental agreements by and allocating agency for any operating or rental subsidies including project based vouchers, public housing assistance, veterans’ assistance or any other underwritten revenue.

z. Such other financial information and other documents as shall be required by the loan documents.

aa. All documentation and other information required by Capital One to comply with applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.
EXHIBIT C
CONDITIONS TO PERMANENT LOAN CONVERSION

The conditions of Conversion will include but are not limited to the following:

1. Lien free completion and certificate of occupancy.

2. Full compliance with all regulatory documents and requirements, as well the Borrower’s organizational documents and other agreements with the LIHTC investor.

3. Payment of all costs related to the Conversion, including Capital One’s fees and legal expenses.

4. Compliance with all agreed upon insurance requirements.

5. All reserves and escrows required by the loan documents shall have been created and fully funded to the extent required at Conversion. Proof of insurance paid in advance for next 12 months and proof of paid property taxes may be provided in place of a tax or insurance escrow. However, failure to maintain agreed upon insurance will result in establishment of an insurance and/or escrow requirements with cash flow capture to those accounts.

6. A Debt Service Coverage Ratio outlined in Exhibit A in each of the previous three months based on the lesser of the actual or underwritten signed leases (but not greater than LIHTC rents when subsidized rents exceed LIHTC rents) and the greater of annualized then-current expenses or Capital One’s pro-forma expenses, the latter of which may be adjusted based on actual results at the reasonable discretion of Capital One.

7. Physical and economic Occupancy Requirements in each of the three (3) immediately preceding months.

8. Permanent Loan to Value Ratio based on a current, as complete and stabilized appraised value using restricted rents. The final loan to value ratio will be determined during underwriting.

9. All funding sources that are expected by Capital One to be funded prior to or concurrent with Conversion have been funded or will be at Conversion and are held by Capital One.

10. No default or event of default under any loan documents or any other documents or agreements governing the Development, the Borrower or any Guarantor Party.
May 29, 2019

Mr. Brad Forslund
Churchill at Golden Triangle Community, L.P.
5605 N. McArthur Blvd., Suite 580
Irving, TX 75038

CONFIDENTIAL

Re: Churchill at Golden Triangle - Fort Worth, TX

Dear Mr. Forslund,

Capital One, National Association (together with its affiliates, “Capital One”) is pleased to provide you with its proposal as outlined in the attached summary of terms and conditions (this letter together with the exhibits attached hereto, the “Proposal”) to provide financing for your proposed development, Churchill at Golden Triangle (the “Development”).

This Proposal contains an outline of suggested terms only, and it does not represent a commitment by Capital One or create any obligation whatsoever on Capital One's part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate Capital One lending authorities. This Proposal replaces and voids any and all previous financing proposals by Capital One for the Development.

Based on the information you have provided, the Development appears feasible, and Capital One is willing to begin due diligence on the following terms.

The attached 15-year pro forma was prepared by the Borrower for Churchill at Golden Triangle located in Fort Worth. The pro forma is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on Capital One’s current underwriting parameters and consistent with the loan terms indicated in the term sheet and is preliminarily considered feasible, pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio.

Additionally, we have performed a preliminary review of the credit worthiness of the Guarantor and its principals. At this time, Capital One has no reservations with the Borrower or any of the principals. We anticipate no additional guarantors or financial strength will be needed to facilitate a loan to this borrower, other than those requirements disclosed herein.

The proposed terms and conditions below (including capitalized terms in **bold**) are supplemented by those set forth in Exhibit A hereto.

BORROWER: A formed or to-be-formed limited partnership or limited liability company will act as the Borrower.

TYPE and PURPOSE of LOANS: The **Construction Loan** is a non-revolving multiple-draw loan advanced to finance a portion of the **Property Improvements** and to bridge the LIHTC equity pay-ins or other subordinated financing. Closing of the Construction Loan will be subject to satisfaction of the conditions set forth in Exhibit B.
Advances under the **Construction Loan** will be made no more frequently than monthly, with the funding based upon the percentage-of-completion for actual work-in-place as approved by Capital One and its construction consultant. Retainage will be withheld on each advance and the terms of the construction contract between the Borrower and the Development’s general contractor (the “General Contractor”) must be acceptable to Capital One. **Retainage Terms** with the General Contractor to be approved by Capital One. Funds will be deposited into the Borrower’s construction account held by Capital One. If requested, funds may be wired from that account; however, scheduled wire charges may apply.

The **Permanent Loan** will be provided by Capital One in the form of a single-draw amortizing term loan. Certain amounts outstanding under the Construction Loan will be converted to the Permanent Loan (the “Conversion”) at the end of the construction phase, subject to satisfaction of the conditions set forth in Exhibit C.

**COLLATERAL; ETC.:** First lien deed of trust/mortgage on the Borrower’s interest in real property and improvements (whether fee simple or leasehold). Assignments and/or first lien security interest in rents and leases, general partner/managing member's interest, low income housing tax credits, construction contract, architect’s contract, management contract, development agreement, social service contract, FF&E and all accounts including escrow, reserve, and operating accounts.

The **Construction Loan** and **Permanent Loan** will become due upon sale of, or refinance of any debt incurred in respect of, the Project property or Property Improvements.

**AFFORDABILITY RESTRICTIONS:** The Development will be affordable to tenants under the **Affordability Restrictions** and may include any **Operating Subsidies** awarded to the Borrower.

**AMOUNT OF LOANS:** The maximum amount of the **Construction Loan** (during the construction phase) shall be the lesser of:

- The **Construction Loan** amount set forth on Exhibit A
- Up to 80% of the sum of the value of the property including the as completed and stabilized value including rent restrictions, inclusive of property tax abatement (if applicable) and the value of the tax credits at the lesser of appraised value or the accepted purchase price

The maximum amount of the **Permanent Loan** (during the permanent phase) shall be the least of:

- The **Permanent Loan** amount set forth on Exhibit A
- The **Permanent Loan to Value** of the as completed and stabilized appraised value (including rent restrictions)
- An amount that would be supported by Development cash flow on the **Debt Service Coverage Ratio** in the reasonable determination of Capital One

**LOAN FEES:** The **Construction Loan Origination Fee** on the full amount of the Construction Loan and the **Permanent Loan Origination Fee** on the full amount of the Permanent Loan. All such fees are due at the closing of the Construction Loan and are nonrefundable.

If the Borrower terminates the commitment for the Permanent Loan, then Borrower will be assessed an exit fee of 5% of the full amount of the Permanent Loan commitment; provided that if the Borrower terminates the commitment for the Permanent Loan in conjunction with
a refinancing by Capital One Multifamily Finance, then Borrower will be charged the lesser of the 5% exit fee or breakage costs.

**CONSTRUCTION LOAN INTEREST RATE and PAYMENTS:** Rates quoted are predicated on the assumption that all operating accounts, construction accounts, reserve accounts and any other deposit accounts of the Borrower and the Development, including escrow accounts, will be maintained with Capital One for the entire period that the Construction Loan is outstanding. If circumstances are such that this cannot be achieved, pricing may vary.

For the **Construction Loan**, the rate will be determined using **Construction Loan Spread plus an Index** which will re-price monthly. Indicative loan pricing for today’s date can be found in Exhibit A. For underwriting purposes, the interest reserve will be sized assuming a **Construction Minimum Rate**.

During construction, interest only payments will be due monthly. Interest shall be calculated utilizing a 360-day basis for the actual number of days principal is outstanding.

**CONSTRUCTION LOAN TERM and EXTENSION:** The **Construction Loan Term** is inclusive of the **Construction Completion Date**, which shall not be extended more than 60 days due to force majeure and, in any event, shall not be extended beyond the placed in service date. Construction shall commence no later than 30 days of the **Anticipated Closing Date**.

If the construction loan is extended, there will be an **Extension Fee** based on the amount of the Construction Loan extended, including unfunded amounts that will remain available after extension. An **Extension Period** may be authorized subject to satisfaction of conditions including, but not limited to:

- compliance with all placed in service requirements
- lien free completion
- adequate interest reserve
- all scheduled equity due at that point having been funded
- receipt of extension for all additional financing sources as necessary
- no event of default in any documents governing any credit facility, subordinate debt, grant, equity or other binding agreements governing the borrower, Development or guarantor
  - **Extension Period Physical Occupancy**
  - **Extension Debt Service Coverage Ratio**
  - **Extension Fee** payment

Additional extension criteria may be added upon changes in the financing structure and/or receipt of the loan/equity documents for other lenders/financing partners. If the extension is exercised, the Borrower will pay any and all reasonable costs related to the extension, including cost for an updated appraisal, if required.

**PERMANENT LOAN TERM, RATE and PREPAYMENT:** The **Permanent Loan Term** and the **Permanent Loan Amortization** are set forth in Exhibit A.

An indicative **Permanent Loan Rate** quoted as of today’s date is set forth in Exhibit A. The **Permanent Loan Rate** is subject to change based on market conditions and Capital One will underwrite and size the Permanent Loan assuming a **Minimum Permanent Loan Rate**, until the permanent commitment is rate locked. Rate lock is subject to Capital One’s approval and a rate lock agreement may be required. A non-refundable **Rate Lock Fee** will be due at the closing of the Construction Loan.
Prepayment of the Permanent Loan is permitted during the term of the Permanent Loan, subject to prepayment premium calculated as the greater of 1% of the outstanding Permanent Loan balance or using Fannie Mae’s yield maintenance formula.

GUARANTIES: Capital One will have full recourse to the Borrower, as well as a payment and performance guaranty from (i) the general partner/managing member of the Borrower and (ii) each Guarantor listed on Exhibit A which shall be satisfactory to Capital One following due diligence (collectively, the “Guarantor Parties”). The Guarantor Parties may be subject to Additional Covenants. In addition, Lien Free Completion Guaranties will be required from the parties listed on Exhibit A. These guaranties will include post-Conversion carve outs which are customary for transactions of this type.

The Borrower and the Guarantor Parties will jointly and severally provide environmental indemnification which shall survive the Conversion.

EQUITY: Total LIHTC Contribution will come from the sale of tax credits. Equity terms must be acceptable to Capital One and are subject to credit approval.

Except for certain costs approved by Capital One to be paid at closing of the Construction Loan from the proceeds of equity, the equity investor shall deposit the equity contribution amount in an account of Borrower held at and controlled by Capital One. The funds in that account will be disbursed by Capital One to: (i) pay for approved budgeted items and/or applied to the Construction Loan in accordance with the loan documents, and (ii) pay down the Construction Loan after construction completion to the amount of the Permanent Loan. Capital One will have no obligation to make an advance of the Construction Loan unless and until Capital One has disbursed any installment of equity proceeds then on deposit with Capital One (as will be more particularly provided for in the applicable loan documents).

ADDITIONAL SOURCES OF FINANCING: For all Additional Sources included in the financing structure, all amounts owing to the Additional Sources must remain subordinate on terms satisfactory to Capital One to the amounts outstanding under the Construction Loan or the Permanent Loan until paid in full. There will be a Servicing Fee to administer the Additional Sources during construction.

CASH DEVELOPER FEE: Cash Developer Fee payments will be subordinate to the Construction Loan and will be paid out in accordance with a schedule to be agreed during underwriting.

CONTINGENCIES: Capital One requires a minimum Hard Cost Contingency and Soft Cost Contingency within the budget. Should the applicable finance agency not permit the such contingencies, then a portion of Cash Developer Fee will be escrowed at closing of the Construction Loan in the amount of such contingencies less what is included in the budget. The escrowed Cash Developer Fee will be released with the completion equity installment.

PAYMENT AND PERFORMANCE BONDS OR LETTERS OF CREDIT: The General Contractor will provide payment and performance bonds during construction, provided by a surety with at least an AM Best rating of “A” and acceptable to Capital One in its sole discretion. However, if the General Contractor is unable to provide bonds, or uses a surety company with a lower rating, Capital One is willing to consider a letter of credit in favor of Capital One for no less than 15% of the total amount stated under the construction contract from a highly-rated issuer acceptable to Capital One in its sole discretion.
THIRD PARTIES: Third party firms including, but not limited to, the General Contractor, property manager, consulting engineer, and environmental consultant are subject to Capital One’s review and approval.

NET OPERATING INCOME: Net Operating Income will be treated as set forth on Exhibit A. All Net Operating Income will be held in a deposit account at Capital One.

EXPENSES and GOOD FAITH DEPOSIT: Underwriting, closing, and any other expenses must be reimbursed to Capital One whether or not the Construction Loan closes. Customary expenses include but are not limited to: appraisal, plan & cost review, flood search, legal fees or costs, insurance consultant review, and construction signage.

Please include a Good Faith Deposit when you return a countersigned copy of this Proposal to us. Within three weeks following the closing of the Construction Loan, the deposit will be returned provided that Capital One has confirmed all third-party costs have been paid from the closing requisition. The Good Faith Deposit should not be included as a line item in the development budget. If for any reason the Construction Loan does not close, any third party or legal costs billed to Capital One will be deducted from the deposit and any remaining portion will be refunded. Additional deposits may be required for continued underwriting and legal document drafting if current estimates exceed original estimates prior to final credit approval and closing.

PATRIOT ACT DISCLOSURE: We hereby notify you that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the “PATRIOT Act”), Capital One may be required to obtain, verify and record information that identifies the Borrower and each Guarantor Party, which information includes the name, address, tax identification number and other information regarding the Borrower and each Guarantor Party that will allow Capital One to identify the Borrower and each Guarantor Party in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act.

ECOA NOTICE: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contact); because all or part of the applicant’s income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this Capital One is the Consumer Financial Protection Bureau, 1700 G Street NW, Washington DC 20552. If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact the office of Capital One listed at the top of this letter within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

CONFIDENTIALITY: The contents of this Proposal may not be shared with any third party without Capital One’s prior written consent, except for potential equity and subordinated debt investors, professional advisors, management and regulatory or other governmental bodies on a need-to-know basis. All persons who are informed of the contents of this Proposal also shall be informed that such contents are confidential and cannot be disclosed without Capital One’s prior written consent.

WAIVER OF JURY TRIAL: THE PARTIES HERETO, TO THE EXTENT PERMITTED BY LAW, WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, IN
CONNECTION WITH OR RELATING TO, THIS PROPOSAL, THE CONSTRUCTION LOAN, THE PERMANENT LOAN AND ANY OTHER TRANSACTION RELATED HERETO OR THERETO. THIS WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.

ACCEPTANCE; EXPIRATION: To accept this Proposal, the Proposal must be countersigned and returned to us along with the Good Faith Deposit within ten (10) business days of the date of the letter or the terms of this letter shall become null and void. Once accepted, if the closing of the Construction Loan does not occur by the Anticipated Closing Date, the terms of this Proposal shall become null and void.

Notwithstanding the foregoing, the provisions of this letter set forth under the headings “Expenses and Good Faith Deposit”, “Confidentiality” and “Waiver of Jury Trial” shall survive the termination or expiration of this Proposal and shall remain in full force and effect regardless of whether the Construction Loan closes.

[signature page follows]
It is my sincere pleasure to make this Proposal to you. I look forward to your acceptance and to our developing relationship.

Sincerely,

Benjamin Glispie  
Capital Officer  
Capital One, National Association

Accepted and Agreed:

Churchill at Golden Triangle, L.P.
By: Brad Forsulnd
Name: Brad Forsulnd
Date:
**EXHIBIT A**

The terms and conditions set forth below supplement those set forth in the Proposal letter

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Churchill at Golden Triangle, L.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property Improvements</strong></td>
<td>The new construction of a 99-unit family development.</td>
</tr>
</tbody>
</table>
| **Affordability Restrictions** | 89 units not to exceed 60% AMI  
10 unrestricted, market-rate units |
<p>| <strong>Construction Loan</strong>     | Up to 12,800,000                  |
| <strong>Retainage Terms</strong>       | 10% retainage will be withheld on all draws until 50% completion, and the portion of retainage withheld up until that point will continue to be held until Substantial Completion. Thereafter, retainage withheld will be lowered to 5% on all remaining draws until Substantial Completion, resulting in a net aggregate retainage of 5% held at Substantial Completion. |
| <strong>Permanent Loan</strong>        | Up to $3,800,000                  |
| <strong>Permanent Loan to Value</strong> | Not to exceed 80%            |
| <strong>Debt Service Coverage Ratio</strong> | 1.15                          |
| <strong>Construction Loan Origination Fee</strong> | 100 Bps                      |
| <strong>Permanent Loan Origination Fee</strong> | 100 Bps                      |
| <strong>Construction Loan Spread</strong> | 272 Bps (5% all-in)         |
| <strong>Index</strong>                 | One Month LIBOR – currently 228 bps |
| <strong>Construction Minimum Rate</strong> | Index + Construction Loan Spread + 100 bps |
| <strong>Permanent Loan Term</strong>   | 15 years                       |
| <strong>Permanent Loan Amortization</strong> | 30 years            |
| <strong>Permanent Loan Rate</strong>   | 6.00% – based on a 24-month forward locked rate |
| <strong>Minimum Permanent Loan Rate</strong> | Permanent Loan Rate plus 50 bps |
| <strong>Rate Lock Fee</strong>         | N/A                             |
| <strong>Construction Loan Term</strong> | 24 months                      |
| <strong>Construction Completion Date</strong> | 15 months of the date of close |
| <strong>Extension Fee</strong>         | 50 Bps                         |
| <strong>Extension Period</strong>      | 6 months                       |
| <strong>Extension Period Physical Occupancy</strong> | 75%                           |
| <strong>Extension Debt Service Coverage Ratio</strong> | 1.00                          |
| <strong>Guarantor 1</strong>           | Churchill Senior Communities, L.P. |
| <strong>Additional Covenants</strong>  | Minimum Liquidity and Net Worth covenants may be required during underwriting |
| <strong>Lien Free Completion Guaranties</strong> | General partner/managing member of the Borrower, all Guarantors |
| <strong>Total LIHTC Contribution</strong> | $14,098,590                   |
| <strong>Additional Subordinate Debt - 1</strong> | City of Fort Worth Grant - $2,500 |
| <strong>Hard Cost Contingency</strong> | 5% of total construction contract |
| <strong>Soft Cost Contingency</strong> | 5% of all soft costs (less Origination Fees and Interest Reserve) |
| <strong>Servicing Fee</strong>         | N/A                             |</p>
<table>
<thead>
<tr>
<th><strong>Cash Developer Fee</strong></th>
<th>Estimated at $1,897,758, of which $425,325 will be deferred. Payment schedule and Amounts may change subject to final underwriting and approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>During the construction phase, distributions of net operating income (income after expenses) are prohibited and the Borrower will report operations.</td>
</tr>
<tr>
<td><strong>Occupancy Requirements</strong></td>
<td>90%</td>
</tr>
<tr>
<td><strong>Good-Faith Deposit</strong></td>
<td>$20,000</td>
</tr>
</tbody>
</table>
EXHIBIT B

CONDITIONS TO CONSTRUCTION LOAN CLOSING

The conditions to closing of the Construction Loan shall be customary for transactions of this nature and appropriate for this particular transaction, including but not limited to:

1. All agreements with respect to the organization of Borrower and the equity investors shall be in form and substance satisfactory to Capital One and all equity contributions to the Borrower required at closing shall have been funded to an account at Capital One.

2. No additional debt shall be secured by the Development property other than the Additional Sources.

3. All money funded for acquisition costs prior to Conversion must be the lower of the cost or the value of the land based on an appraisal approved by Capital One.

4. All due diligence and underwriting has been completed to the satisfaction of Capital One (including the approval of the credit officer and/or credit committee).

5. All representations and warranties under the loan documents shall be true and correct in all material respects and after giving effect to the closing, there shall be no default or event of default under the loan documents.

6. Delivery of the following items to Capital One:
   a. Financial statements, tax returns, operating statements, rent rolls or related documentation requested by Capital One for the Development, the Borrower and the Guarantors, as applicable.
   b. An executed loan agreement and other documents executed in connection therewith which shall be mutually acceptable to Borrower and Capital One.
   c. A Phase I environmental survey dated within six months of the Anticipated Closing Date on which Capital One is entitled to rely. At the sole discretion of Capital One, additional environmental due diligence may be required, including but not limited to a Phase II environmental survey, asbestos and/or lead paint tests; provided that Capital One will consider using an updated version of existing Phase I if acceptable to Capital One’s in-house environmental risk manager.
   d. Management agreement and management plan from an approved third party management company reasonably acceptable to Capital One.
   e. Commitment for title insurance, issued by a title company acceptable to Capital One, covering the Property Improvements, together with the payment of premiums necessary for the title company to issue a mortgagee’s policy of title insurance, with respect thereto, in the amount of the Construction Loan, together with all endorsements thereto as required Capital One.
   f. Evidence that the Property Improvements are not located in a flood prone area.
g. A market and feasibility study for the Property Improvements prepared by an approved market consultant.

h. Evidence that the Development will have adequate parking per zoning requirements.

i. Proforma operating statement for the Development.

j. Survey of the Development that includes any easements or licensing agreements in place.

k. Evidence of fire, hazard, flood (as applicable), builder’s risk, workman’s compensation, and all other insurance as will be required by the loan documents, each naming Capital One as loss payee or mortgagee.

l. Receipt and approval by Capital One of a final construction budget, a construction schedule and a draw schedule, together with a third-party plan and cost review performed by a third party acceptable to Capital One which shall, among other things, verify the adequacy of such construction budget. The cost breakdown should clearly indicate those line items to be funded by the equity contributions and the timing thereof.

m. A recent (within 30 days prior to closing) set of lien searches indicating that the Development and the Borrower are free and clear of all security interests (or will be at the time of closing).

n. The Borrower’s partnership agreement or operating agreement, as applicable, and all amendments and modifications thereto, and copies of any notes, guarantees, and other instruments and agreements issued or executed pursuant thereto.

o. Certified copy of Borrower’s and its general partner’s or managing member’s and each Guarantor’s charter documents, certificates of good standing as of a recent date and evidence of corporate authorization to enter into the transaction contemplated by this Proposal and the loan documents in form and substance acceptable to Capital One.

p. If applicable, the purchase agreement or ground lease of the Development property and all landlord estoppel letters as may be required by Capital One. Any leasehold interest in the Development property subject to a ground lease shall be subordinate to the Construction Loan. Within the lease, Capital One shall require prohibition of lease termination or transfer of fee simple interest without the Capital One’s consent, transferability to Capital One under same terms and assignment of the lease to a new party, and obligation from the landlord to send Capital One notice of any defaults under the lease and grant Capital One certain rights to cure.

q. Opinions of counsel with respect to the Borrower, the Guarantor Parties, and such other entities reasonably requested by Capital One, and covering such matters as Capital One shall deem reasonably necessary or desirable in connection with the transaction.

r. Current plans and specifications for the Development.

s. The contract between Borrower and the Development’s architect, together with an agreement from such architect consenting to the assignment of the plans and
specifications prepared by the architect to Capital One and providing for the subordination of all statutory and contractual liens and claims of the architect against the Development.

t. The general construction contract between Borrower and the General Contractor (which shall be a fixed price/stipulated sum or guaranteed maximum price contract consistent with the budget approved by Capital One), together with an agreement from the General Contractor consenting to the assignment of such contract to Capital One, and providing for the subordination of all statutory and contractual liens and claims of the General Contractor against the Development.

u. All management contracts, operating agreements, franchise agreements, or other contractual arrangements affecting the operation of the Development. Capital One reserves the right to require that all such contracts and agreements be conditionally assigned by Borrower to Capital One, and to further, at the option of Capital One, require that such assignments be acknowledged by the contracting third parties.

v. Evidence in the form of letters from the appropriate provider or from the project engineer, that public water, sanitary and storm sewer, electricity, gas, and other required utilities are available to the Development (as clearly identified in said letters) and in quantities sufficient for the successful operation of the Development. All utility lines must enter the Development through adjoining public streets or, if passing through adjoining private land, do so in accordance with recorded public or private easements satisfactory in form and content to Capital One.

w. Evidence that the Minimum Permanent Loan Rate has been locked and would achieve the **Debt Service Coverage Ratio** outlined in Appendix A.

x. Evidence that the Development and all planned improvements and intended uses will fully comply with all applicable deed restrictions, laws, regulations, and zoning requirements, and copies of all building and grading permits, operating permits, licenses, consents and approvals, which building and grading permits, operating permits, licenses, consents and approvals shall be conditionally assigned to Capital One.

y. Executed rental agreements by and allocating agency for any operating or rental subsidies including project based vouchers, public housing assistance, veterans’ assistance or any other underwritten revenue.

z. Such other financial information and other documents as shall be required by the loan documents.

aa. All documentation and other information required by Capital One to comply with applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act.
EXHIBIT C

CONDITIONS TO PERMANENT LOAN CONVERSION

The conditions of Conversion will include but are not limited to the following:

1. Lien free completion and certificate of occupancy.

2. Full compliance with all regulatory documents and requirements, as well the Borrower's organizational documents and other agreements with the LIHTC investor.

3. Payment of all costs related to the Conversion, including Capital One’s fees and legal expenses.

4. Compliance with all agreed upon insurance requirements.

5. All reserves and escrows required by the loan documents shall have been created and fully funded to the extent required at Conversion. Proof of insurance paid in advance for next 12 months and proof of paid property taxes may be provided in place of a tax or insurance escrow. However, failure to maintain agreed upon insurance will result in establishment of an insurance and/or escrow requirements with cash flow capture to those accounts.

6. A Debt Service Coverage Ratio outlined in Exhibit A in each of the previous three months based on the lesser of the actual or underwritten signed leases (but not greater than LIHTC rents when subsidized rents exceed LIHTC rents) and the greater of annualized then-current expenses or Capital One’s pro-forma expenses, the latter of which may be adjusted based on actual results at the reasonable discretion of Capital One.

7. Physical and economic Occupancy Requirements in each of the three (3) immediately preceding months.

8. Permanent Loan to Value Ratio based on a current, as complete and stabilized appraised value using restricted rents. The final loan to value ratio will be determined during underwriting.

9. All funding sources that are expected by Capital One to be funded prior to or concurrent with Conversion have been funded or will be at Conversion and are held by Capital One.

10. No default or event of default under any loan documents or any other documents or agreements governing the Development, the Borrower or any Guarantor Party.
# 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
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<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$95,284</td>
<td>$97,330</td>
<td>$99,756</td>
<td>$1,010,571</td>
<td>$1,030,783</td>
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<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$15,068</td>
<td>$16,389</td>
<td>$16,171</td>
<td>$18,457</td>
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<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$96,728</td>
<td>$98,083</td>
<td>$1,005,824</td>
<td>$1,026,961</td>
<td>$1,047,950</td>
<td>$1,156,525</td>
<td>$1,276,897</td>
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<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($72,580)</td>
<td>($74,031)</td>
<td>($75,512)</td>
<td>($77,022)</td>
<td>($78,562)</td>
<td>($86,739)</td>
<td>($95,757)</td>
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<tr>
<td>Rental Concessions</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
<td>$85,148</td>
<td>$91,581</td>
<td>$93,301</td>
<td>$94,939</td>
<td>$96,893</td>
<td>$1,068,785</td>
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<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$5,050</td>
<td>$5,760</td>
<td>$5,403</td>
<td>$6,015</td>
<td>$6,159</td>
<td>$71,828</td>
<td>$83,268</td>
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<td>Management Fee</td>
<td>$36,000</td>
<td>$36,720</td>
<td>$37,454</td>
<td>$38,203</td>
<td>$38,568</td>
<td>$43,023</td>
<td>$47,501</td>
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<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$17,360</td>
<td>$17,650</td>
<td>$18,796</td>
<td>$19,250</td>
<td>$19,867</td>
<td>$22,586</td>
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<tr>
<td>Repairs &amp; Maintenance</td>
<td>$5,400</td>
<td>$5,182</td>
<td>$6,031</td>
<td>$6,908</td>
<td>$6,855</td>
<td>$7,750</td>
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<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,720</td>
<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
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<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,901</td>
<td>$50,985</td>
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<td>Annual Property Insurance Premiums</td>
<td>$29,700</td>
<td>$30,591</td>
<td>$31,509</td>
<td>$32,454</td>
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<td>Property Tax</td>
<td>$1,013,004</td>
<td>$1,027,021</td>
<td>$1,103,232</td>
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<td>$1,169,454</td>
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<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
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<td>Other Expenses</td>
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<td>$30,607</td>
<td>$31,526</td>
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<tr>
<td>TOTAL ANNUAL EXPENSES</td>
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<td>$594,438</td>
<td>$611,904</td>
<td>$629,887</td>
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<td>NET OPERATING INCOME</td>
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<table>
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<tr>
<th>DEBT SERVICE</th>
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<tbody>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
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<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
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<tr>
<td>Other Annual Required Payment</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Other Annual Required Payment</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$44,279</td>
<td>$45,218</td>
<td>$46,013</td>
<td>$46,657</td>
<td>$47,141</td>
<td>$46,866</td>
<td>$41,205</td>
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<tr>
<td>Cumulative Net Cash Flow</td>
<td>$44,279</td>
<td>$89,498</td>
<td>$135,511</td>
<td>$182,168</td>
<td>$223,309</td>
<td>$464,327</td>
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<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.151</td>
</tr>
</tbody>
</table>

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this proforma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Leader

Signature, Authorized Representative, Syndicator

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this proforma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Leader

Signature, Authorized Representative, Syndicator

If a revised form is submitted, date of submission: 5/22/2019
INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments. Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

National Equity Fund will provide LIHTC equity in the amount of $14,098,596. 35% of this amount will be funded during construction. The syndication rate is $94. A first lien construction and permanent loan would be provided by Capital One. The construction loan would be for a term of 36 months at an interest rate of 5% and payable interest only. The permanent loan would be based on an interest rate of 6%, amortization of 30 years and a term of 13 years. The City of Fort Worth would be providing a waiver of fees in the amount of $2,300. NE Construction would be providing a match in the amount of $65,300 in the form of a contribution of construction materials. Churchill Senior Communities, LLC will be providing a deferred developer fee of $425,325.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There will be standard lender and investor escrows once the property converts to its permanent loan. The long-term reserve of $431,688 shown in the Development Cost Schedule is not available for replacement reserves and is restricted by the investor.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

N/A

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Bryan Mize
Signature, Authorized Representative, Construction or Permanent Lender

Benjamin G. L.
Printed Name

5/29/19
Date

Telephone: 214-605-7457

Email address: benjamin.g.lipscomb@capitalone.com

If a revised form is submitted, date of submission: 5/22/2019

Jason Akridge, VP NEF
Churchill at Golden Triangle Community, L.P.
Brad Forslund
Churchill Residential
5605 N. McArthur Blvd, Ste 580
Irving, TX 75038

Re: Churchill at Golden Triangle Community – Preliminary Commitment

Dear Mr. Forslund:

This letter is a preliminary equity investment commitment from the National Equity Fund, Inc. (NEF) for Churchill at Golden Triangle ("Project"), a proposed LIHTC, multifamily community which will consist of 99 units that will serve families. The community is located in Fort Worth, TX.

NEF, an affiliate of the Local Initiatives Support Corporation (LISC), was incorporated in 1987 with the mission to identify and develop new sources of financing to help provide affordable housing for low income families and to assist non-profit organizations in creating this housing. NEF has worked with 700 local development partners in forming partnerships which acquire, develop, rehabilitate and manage low-income rental housing. Since the enactment of the Federal Low Income Housing Tax Credit in 1986, NEF has raised more than $11 billion in equity and invested it in more than 2,200 affordable housing projects in 46 states, including Washington, D.C. and Puerto Rico.

Described below are the basic terms, conditions and assumptions of this preliminary commitment:

- The Project will be a 99 unit housing development containing one, two, and three bedroom units. 89 units will be set aside for families with incomes at or below 60% of Area Median Income while the remaining 10 units will be unrestricted.

- The project will be owned by Churchill at Golden Triangle Community, L.P. LifeNet Community Behavioral Healthcare will own the General Partner, Churchill Golden Triangle Community GP, LLC, and Churchill Senior Residential, LLC will act as Special Limited Partner. The Limited Partner will be NEF Assignment Corporation. NEF has reviewed the entities and principals involved and has no reservations at this time.

- NEF proposes to be the Federal Low Income Housing tax credit investor with an equity investment of $13,800,000 which represents a price of $0.92 based upon an annual allocation of Federal low income housing tax credits of approximately $1,500,000. NEF’s proposed equity pay-in schedule is depicted on the following page:
The final timing and amounts of equity payments at closing and during construction will be agreed upon by NEF and the General Partner prior to closing.

- **Developer Fee** - The current projections indicate a payment of developer fee in the amount of $1,897,758. It is projected that $402,464 of the developer fee will be deferred and payable from cash flow.

- **Reserves** - The Limited Partner will require the following reserves: Rent Up Reserve of $391,912; Operating Reserve of $250,000; Escrow Reserve of $431,688; and Replacement Reserve of $250 per unit per year to be funded monthly.

- **Guaranties and Adjusters** – NEF will require the General Partner, Special Limited Partner, and guarantors acceptable to NEF in its sole discretion to provide guaranties of development completion, operating deficits, and the repurchase of NEF’s interest if the project fails to meet basic tax credit benchmarks. The project’s partnership agreement will include adjusters to the Limited Partner’s capital contributions if there is a change in the agreed upon amounts of total projected tax credits or projected first year credits.

A final determination of our investment will depend upon confirmation of the project’s assumptions; a full underwriting of the Project, the development team and their financial statements; the review of plans and specifications; the commitment for all other sources of financing; the development schedule; review of due diligence materials; successful negotiation of the partnership agreement and approval by NEF’s Investment Review Committee and by its final tax credit investors.

Sincerely,

Jason Aldridge  
Vice President  
National Equity Fund
Churchill at Golden Triangle Community, L.P.
Brad Forslund
Churchill Residential
5605 N. McArthur Blvd, Ste 580
Irving, TX 75038

Re: Churchill at Golden Triangle Community – Preliminary Commitment

May 23, 2019

Dear Mr. Forslund:

This letter is a preliminary equity investment commitment from the National Equity Fund, Inc. (NEF) for Churchill at Golden Triangle (“Project”), a proposed LIHTC, multifamily community which will consist of 99 units that will serve families. The community is located in Fort Worth, TX.

NEF, an affiliate of the Local Initiatives Support Corporation (LISC), was incorporated in 1987 with the mission to identify and develop new sources of financing to help provide affordable housing for low income families and to assist non-profit organizations in creating this housing. NEF has worked with 700 local development partners in forming partnerships which acquire, develop, rehabilitate and manage low-income rental housing. Since the enactment of the Federal Low Income Housing Tax Credit in 1986, NEF has raised more than $11 billion in equity and invested it in more than 2,200 affordable housing projects in 46 states, including Washington, D.C. and Puerto Rico.

Described below are the basic terms, conditions and assumptions of this preliminary commitment:

- The Project will be a 99 unit housing development containing one, two, and three bedroom units. 89 units will be set aside for families with incomes at or below 60% of Area Median Income while the remaining 10 units will be unrestricted.

- The project will be owned by Churchill at Golden Triangle Community, L.P. LifeNet Community Behavioral Healthcare will own the General Partner, Churchill Golden Triangle Community GP, LLC, and Churchill Senior Residential, LLC will act as Special Limited Partner. The Limited Partner will be NEF Assignment Corporation. NEF has reviewed the entities and principals involved and has no reservations at this time.

- NEF proposes to be the Federal Low Income Housing tax credit investor with an equity investment of $14,098,590 which represents a price of $0.94 based upon an annual allocation of Federal low income housing tax credits of approximately $1,500,000. NEF’s proposed equity pay-in schedule is depicted on the following page:
The final timing and amounts of equity payments at closing and during construction will be agreed upon by NEF and the General Partner prior to closing.

- **Developer Fee** - The current projections indicate a payment of developer fee in the amount of $1,897,758. It is projected that $425,325 of the developer fee will be deferred and payable from cash flow.

- **Reserves** - The Limited Partner will require the following reserves: Rent Up Reserve of $391,912; Operating Reserve of $250,000; Escrow Reserve of $431,688; and Replacement Reserve of $250 per unit per year to be funded monthly.

- **Guaranties and Adjusters** – NEF will require the General Partner, Special Limited Partner, and guarantors acceptable to NEF in its sole discretion to provide guaranties of development completion, operating deficits, and the repurchase of NEF’s interest if the project fails to meet basic tax credit benchmarks. The project’s partnership agreement will include adjusters to the Limited Partner’s capital contributions if there is a change in the agreed upon amounts of total projected tax credits or projected first year credits.

A final determination of our investment will depend upon confirmation of the project’s assumptions; a full underwriting of the Project, the development team and their financial statements; the review of plans and specifications; the commitment for all other sources of financing; the development schedule; review of due diligence materials; successful negotiation of the partnership agreement and approval by NEF’s Investment Review Committee and by its final tax credit investors.

Sincerely,

Jason Aldridge  
Vice President  
National Equity Fund
February 18, 2019

Ms. Marni Holloway, Director
Multifamily Finance Division
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Commitment of Development Funding for Churchill at Golden Triangle Community, LP TDHCA 9% HTC Application No. 19009 (Churchill at Golden Triangle Community)

Dear Ms. Holloway:

On behalf of the City of Fort Worth, I wish to confirm that the City has committed $2,500.00 in fee waivers to Churchill at Golden Triangle Community, LP for the proposed development of 100 units at 11000 block of Metroport Way Fort Worth, TX 76177.

Neither the Applicant, the Consultant, General Contractor, Guarantor nor any affiliate of the Applicant first provided funds to the City for purposes of this Commitment of Development Funding by the Local Political Subdivision.

Thank you for your consideration. Please feel free to contact me at 817-392-8187 if you have any questions regarding this commitment of funding.

Sincerely,

Aubrey Thagard, Director

Neighborhood Services Department
City of Fort Worth ★ 200 Texas Street ★ Fort Worth, Texas 76102
817-392-7540 ★ Fax 817-392-7328
Pursuant to §11.9(b)(2) of the Qualified Allocation Plan, an Application may qualify to receive up to two (2) points provided the ownership structure meets one of the following requirements in parts 1 OR 2 below;

1. Application is attempting to score as a Qualified Nonprofit or certified HUB with ownership interest and material participation and meets the criteria below:

   Yes  If attempting to score as a Qualified Nonprofit, Application is applying under the Nonprofit Set-Aside

   No   If attempting to score as a certified HUB, evidence of the HUB’s existence from the Texas Comptroller of Accounts is provided behind this Tab

   Yes  The Qualified Nonprofit or certified HUB has some combination of ownership interest, cash flow from operations, and developer fee which taken together equal at least 50% and no less than 5% for any category.

   Ownership Interest: 100.00%
   Cash flow from operations: 5.000%
   Developer Fee: 5.000%

   Total: 110.00%  (Must equal at least 50% regardless of structure)

   Yes  The Qualified Nonprofit or certified HUB will materially participate in the Development and the operation of the Development throughout the Compliance Period.

   Yes   A detailed narrative describing how that material participation will be achieved is included.

   Yes  The Qualified Nonprofit or certified HUB has experience directly related to the housing industry.

   Yes   A detailed narrative describing experience in each category is included.

   Mark all that apply


   [X] No Principals of the Qualified Nonprofit or HUB are related Parties to any other Principals of the Applicant or Developer.

   [X] Evidence of experience in the housing industry and a statement regarding material participation are provided behind this tab.

   Points Claimed: 2

2. Application is attempting to score as a participating Nonprofit or certified HUB and meets the criteria below:

   [ ] A certified HUB will participate in Development Services or provide onsite tenant services, and evidence of the HUB’s existence from the Texas Comptroller of Accounts is provided behind this Tab.

   [ ] A Nonprofit will participate in Development Services or provide onsite tenant services, and evidence from a state or federal source of the organization’s nonprofit status is provided behind this Tab.

   [ ] Evidence of experience in the provision of Development Services or in the provision of on-site tenant services as well as a detailed narrative describing how the HUB or Nonprofit will provide such services must be included behind this tab.

   Points Claimed: 0

   Total Points Claimed: 2
MISSION

The mission of LifeNet Community Behavioral Healthcare (LCBH) is to help people improve their lives by providing decent affordable housing opportunities. We believe that everyone deserves a chance to live a healthy and productive life. We meet this need by delivering quality, safe, affordable housing and associated supportive services to individuals, seniors and families in need. Homelessness is a significant threat to a person’s ability to rebuild their life. A community support system can help.

This is our mission – every day!

ORGANIZATIONAL HISTORY

LifeNet Texas was founded and incorporated in 1977 in Dallas, Texas as a 501c(3) under the name Phoenix House. LifeNet Texas, provided a variety of resources to help people find stability in their lives. They were led by a talented staff of professionals, who provided addiction therapy and mental health care treatment to thousands of people each year. Through a strong network of community partners, they helped put Texans back to work. They provided for basic needs by delivering food, shelter and clothing directly to those in need. The resident’s average length of stay in a LifeNet Texas property was 31 months for LifeNet’s permanent supportive housing clients. Eight-five percent of LifeNet participants met the 7 month threshold established by HUD. LifeNet also witnessed a significant reduction in hospitalization rates for their housing clients. They were the area’s leading provider of housing for the homeless. Their services were available to anyone who sought help, including the uninsured and underfunded. In 2001, LifeNet Texas began providing project-based housing case management services. In this time, they grew to be the largest non-government provider of Permanent Supportive Housing in the Dallas area. In 2012 LCBH created LifeNet Services.

In 2015 LifeNet Services merged with Metrocare Services another Dallas area provider of mental health services. LCBH, no longer associated with LifeNet Services, continued in its mission to provide affordable housing and supportive services in the state of Texas as confirmed by their board resolution dated May 16, 2012. LCBH is under the supervision of Mr. Gary Keep, President. LCBH is partnered with Churchill Residential and Affiliates, a for-profit developer, to create affordable housing options, as detailed in the table below.

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Address</th>
<th>Type</th>
<th># of Units</th>
<th>% HTC</th>
<th>Restricted Units</th>
<th>Income Level</th>
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<tbody>
<tr>
<td>Churchill at Longview</td>
<td>1501 E. Whaley, Longview, TX 75601</td>
<td>Family</td>
<td>160</td>
<td>9</td>
<td>100%</td>
<td>30/40/50/60</td>
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<tr>
<td>Churchill at Pinnacle Park</td>
<td>1411 Cockrell Hill Rd., Dallas, TX 75211</td>
<td>Family</td>
<td>200</td>
<td>4</td>
<td>100%</td>
<td>50/60</td>
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<tr>
<td>Evergreen at Lewisville</td>
<td>415 S. Garden Ridge Dr, Lewisville, TX 75067</td>
<td>Senior</td>
<td>218</td>
<td>4</td>
<td>100%</td>
<td>50/60</td>
</tr>
<tr>
<td>Evergreen at Keller</td>
<td>400 Bourland Rd., Keller, TX 76248</td>
<td>Senior</td>
<td>250</td>
<td>4</td>
<td>100%</td>
<td>60</td>
</tr>
<tr>
<td>Churchill at Commerce</td>
<td>731 Culver, Commerce, TX 75248</td>
<td>Family</td>
<td>100</td>
<td>9</td>
<td>90%</td>
<td>30/50/60/Mkt</td>
</tr>
<tr>
<td>Evergreen at Longview</td>
<td>405 Shelton Street, Longview, TX 75601</td>
<td>Senior</td>
<td>100</td>
<td>9</td>
<td>100%</td>
<td>50/60</td>
</tr>
<tr>
<td>Evergreen at Rockwall</td>
<td>1325 Goliad Street, Rockwall, TX 75087</td>
<td>Senior</td>
<td>141</td>
<td>9</td>
<td>100%</td>
<td>30/50/60</td>
</tr>
<tr>
<td>Evergreen at Farmers Branch</td>
<td>11701 Mira Lago Blvd., Farmers Branch, TX 75234</td>
<td>Senior</td>
<td>90</td>
<td>9</td>
<td>100%</td>
<td>30/60</td>
</tr>
<tr>
<td>Evergreen at Morningstar</td>
<td>6245 Morning Star Drive, The Colony, TX 75056</td>
<td>Senior</td>
<td>200</td>
<td>9</td>
<td>100%</td>
<td>30/50/60</td>
</tr>
<tr>
<td>Evergreen at Arbor Hills</td>
<td>2314 Parker Road, Carrollton, TX 75010</td>
<td>Senior</td>
<td>136</td>
<td>9</td>
<td>100%</td>
<td>30/50/60</td>
</tr>
<tr>
<td>Churchill at Champions Circle Community</td>
<td>SWQ Hwy 114 &amp; IH35S Fort Worth, TX 75089</td>
<td>Family</td>
<td>132</td>
<td>9</td>
<td>100%</td>
<td>30/50/60</td>
</tr>
<tr>
<td>Evergreen at Rowlett</td>
<td>5611 Old Rowlett Road, Rowlett, TX 75089</td>
<td>Senior</td>
<td>138</td>
<td>9</td>
<td>100%</td>
<td>30/50/60</td>
</tr>
</tbody>
</table>
LIFENET COMMUNITY BEHAVIORAL HEALTHCARE

LCBH acquired Prince of Wales in 2011 they were not a participant in the original application. There is no affiliation between Prince of Wales and Churchill Senior Residential or any of the other Churchill affiliates.

<table>
<thead>
<tr>
<th>Property Owned by LifeNet Community Behavioral Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Name</td>
</tr>
<tr>
<td>Prince of Wales</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Through the partnership with Churchill Residential and Affiliates, LCBH oversees the planning and coordination and management of special supportive services for the community in sufficient quantity and frequency to address their needs. LCBH provides these services to the residents either directly or through a third party provider that has expressed their commitment to work in partnership with LCHB in providing services to the community. Some of the services are noted below.

Types of services that may be offered in a multi-family community:

- Annual health fair
- Notary Public Services during regular business hours
- Weekly exercise classes
- Arts, crafts and other recreational activities such as Book Clubs and creative writing classes
- Annual income tax preparation (offered by an income tax prep service)
- On-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, etc.)
- Home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc. and

Types of services that may be offered in a senior community:

- Quarterly financial planning courses (i.e. credit counseling, investing advice, retirement plans, etc.).
- Annual health fair
- Weekly exercise classes
- Community garden
- Notary Public Services during regular business hours
- Arts, crafts and other recreational activities such as Book Clubs and creative writing classes
- Annual income tax preparation (offered by an income tax prep service)
- On-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, etc.)
- Home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc. and
- Full time resident services director
Gary Keep, President LifeNet Community Behavioral Healthcare

Gary Keep is retired CEO of SHW Group Architects, one of the nation’s largest Architectural firms focused on architecture for education. Gary joined the firm in 1971 and through the years of his tenure, he served as a draftsman, planner, programmer, designer, project team manager, Officer in Charge, and finally as CEO. With more than 300 projects for over 100 public and private school and university clients on his resume, Gary emerged as a recognized leader in the school design industry and has frequently been called upon to speak at educational conferences and conventions nationwide.

During his 12 year tenure as CEO, SHW Group became nationally recognized as one of the nation’s top educational design firms. Just prior to Gary’s retirement, Architect Magazine awarded SHW Group a place in The Architect Top 50 Firms list. The award acknowledges success in firm profitability, sustainability and overall design quality.

Shortly after retirement, Gary was asked to serve as Interim Director of Cambridge Strategics…an Educational Planning firm wholly owned by SHW Group. He also served as an advisory board member at SHW Group until June, 2014. Gary has served for the last four years as President of the board at LifeNet Community Behavioral Healthcare, a non-profit organization providing housing, and supportive services to the economically disadvantaged and homeless.

Gary also serves as an elder at Fellowship Bible Church Arapaho. He and his wife, Betsy, have been married for 48 years, and they enjoy spending time with their three sons, three daughters-in-law and four grandsons.
LifeNet Community Behavioral Healthcare (LCBH has been the qualified nonprofit organization (as defined in Section 42(h)(5)(C) of the Code) for several other developments.

LCBH will own 100% of the sole general partner. As sole owner of the general partner, they are responsible for the administration of the partnership, supervision of the development team, supervision of the management agent, and they also serve as the “Tax Matters Partner” for the partnership.

They will materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Development throughout the life of the development. They have experience directly related to the housing industry and meet the requirements of Section 42(h)(5) of the Code and Section 2306.185 of the Texas Government Code.

LCBH will participate in regular on-site visits to the property. LCBH will oversee the planning and coordination and management of special supportive services for the community in sufficient quantity and frequency to address their needs. LCBH will provide these services to the residents either directly through the management company or through a third-party provider that has expressed their commitment to work in partnership with them in providing services to the community.
The names and ownership percentages of all Persons having an ownership interest in the Development Owner, Developer, and/or Guarantor.

Nonprofit entities, public housing authorities, publicly traded corporations, individual board members and executive directors must be included in Organization charts.

Any and all trusts must list all beneficiaries that have the legal ability to control or direct activities of the trust and are not just financial beneficiaries.

In the case of:

(A) Partnerships - Principals include all general Partners and Special LPs (any LP that is not the Syndicator is a "Special LP);

(B) Corporations - Principals include the executive director and all members of the board (shown with "0%" ownership as applicable). For to-be formed instrumentalities of PHAs, where the executive director and board remain to be determined, include the PHA, itself, and its members;

(C) Limited liability companies - Principals include all the managing members and all other members.

Applicant Organization 1

Organization 1

Limited Partner/Syndicator 99%

Org. 1.1

49%

Principal 1, Org. 1.1

President, 85%

Ability to exercise Control

Principal 2, Org. 1.1

V.P., 10%

Ability to exercise Control

Principal 3, Org. 1.1

Treasurer, 5%

Org. 1.2

51%

Board President, Org. 1.2

0%

Ability to exercise Control

Board Member, Org. 1.2

0%

Executive Director, Org. 1.2

0%

Note that the percentage refers to the entity to which the Person is directly connected, not to the whole Development Owner.

ALL Persons who have actual or apparent authority to exercise Control must be identified on the Organizational Chart.

Information about Organizations that will own or control the Applicant or other related organizations will be provided in the List of Organizations with an Ownership Special Interest in the Applicant form.

If a revised chart is submitted, include the date of submission!
**Project: Churchill at Golden Triangle Community**

**Co-Developer**

- Churchill Golden Triangle Community GP, LLC
  - 5% of Developer Fee
  - Ability to exercise Control

  100%

- LifeNet Community Behavioral Healthcare
  - Ability to exercise Control

**No Ownership Interest**

- Gary Keep - Chair/President – Ability to exercise Control
- Melissa Lewis – Secretary
- Cary Fitzgerald – Board Member
- Vernon Hunt – Board Member
- Ikenna Mogbo – Board Member
- Richard Buckley – Board Member

**Co-Developer**

- Churchill Senior Communities L.P.
  - Developer/Guarantor - 95% of Dev fee*

- Churchill Senior Residential, LLC
  - 0.01% General Partner
  - Ability to exercise Control

- Bradley E. Forslund
  - Sole Member/Manager
  - Ability to exercise Control

  24.9975% Limited Partner
  Bradley E. Forslund Inheritor’s Trust
  Bradley E. Forslund, Sole Trustee

  24.9975% Limited Partner
  Tina M. Forslund Inheritor’s Trust
  Bradley E. Forslund, Sole Trustee

  24.9975% Limited Partner
  J. Anthony Sisk Inheritor’s Trust
  J. Anthony Sisk, Sole Trustee

  24.9975% Limited Partner
  L. Catherine Sisk Inheritor’s Trust
  J. Anthony Sisk, Sole Trustee
Project: Churchill at Golden Triangle Community

Guarantor

Churchill Senior Communities L.P.
Developer/Guarantor - 95% of Dev fee*

Churchill Senior Residential, LLC
.01% General Partner
Ability to exercise Control

Bradley E. Forslund
Sole Member/Manager
Ability to exercise Control

24.9975% Limited Partner
Bradley E Forslund Inheritor's Trust
Bradley E. Forslund, Sole Trustee

24.9975% Limited Partner
Tina M. Forslund Inheritor's Trust
Bradley E. Forslund, Sole Trustee

24.9975% Limited Partner
J. Anthony Sisk Inheritor's Trust
J. Anthony Sisk, Sole Trustee

24.9975% Limited Partner
L. Catherine Sisk Inheritor's Trust
J. Anthony Sisk, Sole Trustee
List of Organizations and Principals

Provide the requested information for all partnerships, corporations, limited liability companies, trusts, or any other public or private entity and their Affiliates identified on the Owner and Developer Organization Charts. Organizations that own or control other organizations should also be identified until the only remaining sub-entity would be natural persons. Organizations that are Developers and/or Guarantors must also be listed on this form as must any organization (and natural person whose ownership interest in an applicable entity is direct instead of via membership in an organization) that will receive any portion of the developer fee whether by subcontract or otherwise, except if the Person is acting as a consultant with no Control. (Note - Entity Names, Principals, and ownership percentage should coincide with the Owner and Developer Organization Charts)

Be advised that the definition of “Control” has been revised. Refer to 10 TAC §11.1(d)(30) to ensure compliance.

<table>
<thead>
<tr>
<th>Applicant Legal Name:</th>
<th>Church at Golden Triangle Community, L.P.</th>
<th>Role/Title</th>
<th>General Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: 5605 N. MacArthur Blvd. #580</td>
<td>City: Irving</td>
<td>State: TX</td>
<td>Zip: 75038</td>
</tr>
<tr>
<td>Name(s) of Entities the Organization Owns or Controls:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization legally formed?</td>
<td>No</td>
<td>Date formed:</td>
<td>n/a</td>
</tr>
<tr>
<td>Legal Org is or will be:</td>
<td>Limited Organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous TDHCA Experience?</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization is identified on Org. Chart:</td>
<td>Yes</td>
<td>Ability to exercise Control over the Development?</td>
<td>Yes</td>
</tr>
<tr>
<td>List of Sub-Entities or Principals:</td>
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<td></td>
<td></td>
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<tr>
<td>1. LifeNet Community Behavioral Healthcare</td>
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<td></td>
<td></td>
</tr>
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<td>TDHCA Experience:</td>
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<td></td>
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<table>
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<th>Organization Legal Name:</th>
<th>Church at Golden Triangle Community GP, LLC</th>
<th>Role/Title</th>
<th>Special Limited Partner</th>
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<tbody>
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<td>Address: 5605 N. MacArthur Blvd. #580</td>
<td>City: Irving</td>
<td>State: TX</td>
<td>Zip: 75038</td>
</tr>
<tr>
<td>Name(s) of Entities the Organization Owns or Controls:</td>
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<td>Yes</td>
<td>Date formed:</td>
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<tr>
<td>Legal Org is or will be:</td>
<td>Special Limited Partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous TDHCA Experience?</td>
<td>Yes</td>
<td>Phone:</td>
<td>(972) 550-7800</td>
</tr>
<tr>
<td>Organization is identified on Org. Chart:</td>
<td>Yes</td>
<td>Ability to exercise Control over the Development?</td>
<td>Yes</td>
</tr>
<tr>
<td>List of Sub-Entities or Principals:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Brad Forslund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDHCA Experience:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
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<tr>
<td>4.</td>
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<td>5.</td>
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<tr>
<td>6.</td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization Legal Name:</th>
<th>Church at Golden Triangle Community, L.P.</th>
<th>Role/Title</th>
<th>Developer/Guarantor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: 5605 N. MacArthur Blvd. #580</td>
<td>City: Irving</td>
<td>State: TX</td>
<td>Zip: 75038</td>
</tr>
<tr>
<td>Name(s) of Entities the Organization Owns or Controls:</td>
<td>None</td>
<td></td>
<td></td>
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<tr>
<td>Organization legally formed?</td>
<td>Yes</td>
<td>Date formed:</td>
<td>10/26/2010</td>
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<tr>
<td>Legal Org is or will be:</td>
<td>Limited Partnership</td>
<td></td>
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<tr>
<td>Previous TDHCA Experience?</td>
<td>Yes</td>
<td>Phone:</td>
<td>(972) 550-7800</td>
</tr>
<tr>
<td>Organization is identified on Org. Chart:</td>
<td>Yes</td>
<td>Ability to exercise Control over the Development?</td>
<td>No</td>
</tr>
<tr>
<td>List of Sub-Entities or Principals:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Bradley E. Forslund, Inheritor's Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDHCA Experience:</td>
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</tr>
<tr>
<td>2. Tina M. Forslund, Inheritor's Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>TDHCA Experience:</td>
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<td></td>
<td></td>
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<tr>
<td>3. J. Anthony Sisk, Inheritor's Trust</td>
<td></td>
<td></td>
<td></td>
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<td>TDHCA Experience:</td>
<td>Yes</td>
<td></td>
<td></td>
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<tr>
<td>4. L. Catherine Sisk, Inheritor's Trust</td>
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<td>TDHCA Experience:</td>
<td>Yes</td>
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<tr>
<td>Organization Legal Name</td>
<td>Role/Title</td>
<td>Address</td>
<td>City</td>
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<tr>
<td>-------------------------</td>
<td>------------</td>
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</tr>
<tr>
<td>Bradley E. Forslund, Inheritor's Trust</td>
<td>Limited Partner</td>
<td>5605 N. MacArthur Blvd. #580</td>
<td>Irving</td>
</tr>
</tbody>
</table>

| Name(s) of Entities the Organization Owns or Controls | None | Legal Org is a Trust |
|-----------------------------------------------------|----------------------------------|
| Organization legally formed? | Yes | Date formed: 10/20/2010 | Legal Org is or will be: |
| Previous TDHCA Experience? | Yes | Phone: 9725507800 | Email: bforslund@cri.bz |
| Organization is identified on Org. Chart? | Yes | Ability to exercise Control over the Development? | No |
| List of Sub-Entities or Principals: | | |
| 1. Bradley E. Forslund, Sole Trustee | TDHCA Experience: Yes | |
| 2. | TDHCA Experience: | |
| 3. | TDHCA Experience: | |
| 4. | TDHCA Experience: | |
| 5. | TDHCA Experience: | |
| 6. | TDHCA Experience: | |

| Tina M. Forslund, Inheritor's Trust | Limited Partner | 5605 N. MacArthur Blvd. #580 | Irving | TX | 75038 |

| Name(s) of Entities the Organization Owns or Controls | None | Legal Org is a Trust |
|-----------------------------------------------------|----------------------------------|
| Organization legally formed? | Yes | Date formed: 10/20/2010 | Legal Org is or will be: |
| Previous TDHCA Experience? | Yes | Phone: 9725507800 | Email: bforslund@cri.bz |
| Organization is identified on Org. Chart? | Yes | Ability to exercise Control over the Development? | No |
| List of Sub-Entities or Principals: | | |
| 1. Bradley E. Forslund, Sole Trustee | TDHCA Experience: Yes | |
| 2. | TDHCA Experience: | |
| 3. | TDHCA Experience: | |
| 4. | TDHCA Experience: | |
| 5. | TDHCA Experience: | |
| 6. | TDHCA Experience: | |

| J. Anthony Sisk Inheritor’s Trust | Limited Partner | 5605 N. MacArthur Blvd. #580 | Irving | TX | 75038 |

| Name(s) of Entities the Organization Owns or Controls | None | Legal Org is a Trust |
|-----------------------------------------------------|----------------------------------|
| Organization legally formed? | Yes | Date formed: 10/20/2010 | Legal Org is or will be: |
| Previous TDHCA Experience? | Yes | Phone: 9725507800 | Email: tsisk@cri.bz |
| Organization is identified on Org. Chart? | Yes | Ability to exercise Control over the Development? | No |
| List of Sub-Entities or Principals: | | |
| 1. J. Anthony Sisk, Sole Trustee | TDHCA Experience: Yes | |
| 2. | TDHCA Experience: | |
| 3. | TDHCA Experience: | |
| 4. | TDHCA Experience: | |
| 5. | TDHCA Experience: | |
| 6. | TDHCA Experience: | |

| L. Catherine Sisk Inheritor’s Trust | Limited Partner | 5605 N. MacArthur Blvd. #580 | Irving | TX | 75038 |

<p>| Name(s) of Entities the Organization Owns or Controls | None | Legal Org is a Trust |
|-----------------------------------------------------|----------------------------------|
| Organization legally formed? | Yes | Date formed: 10/20/2010 | Legal Org is or will be: |
| Previous TDHCA Experience? | Yes | Phone: 9725507800 | Email: <a href="mailto:tsisk@cri.bz">tsisk@cri.bz</a> |
| Organization is identified on Org. Chart? | Yes | Ability to exercise Control over the Development? | No |
| List of Sub-Entities or Principals: | | |
| 1. J. Anthony Sisk, Sole Trustee | TDHCA Experience: Yes | |
| 2. | TDHCA Experience: | |
| 3. | TDHCA Experience: | |
| 4. | TDHCA Experience: | |
| 5. | TDHCA Experience: | |
| 6. | TDHCA Experience: | |</p>
<table>
<thead>
<tr>
<th>Name(s) of Entities the Organization Owns or Controls:</th>
<th>General Partner</th>
</tr>
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<tbody>
<tr>
<td>Organization legally formed?</td>
<td>Yes</td>
</tr>
<tr>
<td>Date formed:</td>
<td>7/15/1977</td>
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<tr>
<td>Legal Org is or will be:</td>
<td>Non-Profit</td>
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<td>Previous TDHCA Experience?</td>
<td>Yes</td>
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<tr>
<td>Phone:</td>
<td>214-403-4987</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:gdkeep@gmail.com">gdkeep@gmail.com</a></td>
</tr>
<tr>
<td>Organization is identified on Org. Chart:</td>
<td>Yes</td>
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<tr>
<td>Ability to exercise Control over the Development?</td>
<td>Yes</td>
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</tbody>
</table>

List of Sub-Entities or Principals:

1. **Gary Keep**
   - TDHCA Experience: Yes
2. **Melissa Lewis**
   - TDHCA Experience: Yes
3. **Cary Fitzgerald**
   - TDHCA Experience: Yes
4. **Vernon Hunt**
   - TDHCA Experience: Yes
5. **Ikenna Mogbo**
   - TDHCA Experience: Yes
6. **Richard Buckley**
   - TDHCA Experience: Yes
Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

**Person/Role:** Churchill at Golden Triangle Community, L.P.

**Email Address:** bforslund@cri.bz

**City & State of Home Addr:** Irving, TX

**Applicant Legal Name:** Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

   By selecting this box I certify that I have no prior experience with any TDHCA administered affordable rental program.

<table>
<thead>
<tr>
<th>TDHCA ID#</th>
<th>Property Name</th>
<th>Property City</th>
<th>Program</th>
<th>Control began (mm/yy)</th>
<th>Control End (mm/yy)</th>
</tr>
</thead>
</table>

2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

   By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

<table>
<thead>
<tr>
<th>Community Affairs:</th>
<th>CEAP</th>
<th>DOE</th>
<th>HHSP</th>
<th>WAP</th>
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<tbody>
<tr>
<td>CSBG</td>
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<tr>
<td>HOME:</td>
<td>CFDC</td>
<td>HBA</td>
<td>PWD</td>
<td>TBRA</td>
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<td>HRA</td>
<td>SFD</td>
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</tr>
<tr>
<td>HTF/OCI:</td>
<td>AYBR</td>
<td>Bootstrap</td>
<td>CFDC</td>
<td>Self-Help</td>
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Person/Role: Churchill Golden Triangle Community GP, LLC  
Email Address: bforslund@cri.bz  
City & State of Home Addr: Irving, TX  
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: Churchill Senior Residential, LLC
Email Address: bforslund@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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### Person/Role:
**Bradley E. Forslund, Sole Member/Manager**

### Email Address:
bforslund@cri.bz

### City & State of Home Addr:
Irving, TX

### Applicant Legal Name:
Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: Churchill Senior Communities, L.P.
Email Address: bforslund@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: Bradley E. Forslund, Sole Trustee
Email Address: bforslund@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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### Person/Role:
Bradley E. Forslund, Inheritor's Trust

### Email Address:
bforslund@cri.bz

### City & State of Home Addr:
Irving, TX

### Applicant Legal Name:
Churchill at Golden Triangle Community, L.P.

1. **List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.**

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Person/Role: Tina M. Forslund, Inheritor’s Trust
Email Address: bforslund@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: J. Anthony Sisk, Sole Trustee
Email Address: tsisk@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: J. Anthony Sisk, Inheritor’s Trust
Email Address: tsisk@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

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Person/Role: L. Catherine Sisk, Inheritor’s Trust
Email Address: tsisk@cri.bz
City & State of Home Addr: Irving, TX
Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

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Person/Role: LifeNet Community Behavioral Healthcare

Email Address: gdkeep@gmail.com

City & State of Home Addr: Dallas, TX

Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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| Person/Role: | Gary Keep, President |
| Email Address: | gdkeep@gmail.com |
| City & State of Home Addr: | Dallas, TX |
| Applicant Legal Name: | Churchill at Golden Triangle Community, L.P. |

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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Person/Role: Melissa Lewis, Secretary

Email Address: missylew69@gmail.com

City & State of Home Addr: Dallas, TX

Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

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**Person/Role:**  
Vernon Hunt, Board Member

**Email Address:**

**City & State of Home Addr:**  
Dallas, TX

**Applicant Legal Name:**  
Churchill at Golden Triangle Community, L.P.

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</tr>
<tr>
<td>07254</td>
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</tr>
<tr>
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</tr>
<tr>
<td>14051</td>
<td>Churchill at Champions Circle Community</td>
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2. Identify all Community Affairs and Single Family department programs that you have participated in within the last three(3) years by placing an "x" next to the program name.

   - By selecting this box I certify that I have no prior experience with any TDHCA Single Family or Community Affairs Programs.

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Previous Participation Form

Form must be completed separately for each entity (i.e. person, organization, etc.) that has or will have a controlling interest or oversight in the contract, award, agreement, or ownership transfer being considered. This form should also be completed for each board member, individual with signature authority, executive director, or elected official that represents the person/entity (as applicable).

Person/Role:  
Ikenna Mogbo, Board Member

Email Address:  
ikenna.mogbo@metrocareservices.org

City & State of Home Addr:  
Dallas, TX

Applicant Legal Name:  
Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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<td>03100</td>
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<tr>
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<td>Churchill at Pinnacle Park</td>
<td>Dallas</td>
<td>HTC/ MRB</td>
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</tr>
<tr>
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<td>Pending</td>
</tr>
<tr>
<td>04118/07032</td>
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<td>HTC</td>
<td>Apr-05</td>
<td>Pending</td>
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<tr>
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Person/Role: Richard Buckley, Board Member

Email Address: rich.buckley@metrocareservices.org

City & State of Home Addr: Dallas, TX

Applicant Legal Name: Churchill at Golden Triangle Community, L.P.

1. List experience with all TDHCA rental development programs (including: HTC, HTC Exchange, Direct Loan (HOME, TCAP, SHTF, RHD), and BOND) that you have controlled at any time.

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## Nonprofit Participation

### Nonprofit Set-Aside (Competitive HTC Applications Only)

**Qualification:** Must meet the definition of a Qualified Nonprofit Development pursuant to §11.1(a)(106) of the QAP, §42(h)(5) of the Code, and the requirements of §11.5(1) of the QAP.

**Documentation:** Eligibility will be confirmed based upon completion of the Nonprofit Participation and Additional Nonprofit Documentation requirements in this section.

By selecting this box the Applicant affirms the election to be included in the Nonprofit Set-Aside and certifies that they expect to receive a benefit in the allocation of tax credits as a result of being affiliated with a nonprofit.

By selecting this box the Applicant affirms the election to be excluded from the Nonprofit Set-Aside and certifies that they do not expect to receive a benefit in the allocation of tax credits as a result of being affiliated with a nonprofit.

### Nonprofit Information (ALL Applications)

Only nonprofit organizations will complete this section. All nonprofit Applicants or Principals must complete this form without regard to their level of ownership or the set-aside under which the Application was made.

<table>
<thead>
<tr>
<th>Organization Name:</th>
<th>LifeNet Community Behavioral Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Organization a 501(c)(3) or (4) as of the beginning of the Application Acceptance Period?</td>
<td>Yes</td>
</tr>
<tr>
<td>If no to the question above, what is its current legal status?</td>
<td></td>
</tr>
<tr>
<td>Date of legal formation of Nonprofit Organization:</td>
<td>7/15/1977</td>
</tr>
</tbody>
</table>

1) Is Applicant comprised of a joint venture between a Nonprofit and for-profit entity?

| Yes |

If “Yes”, will this nonprofit organization Control the Applicant?

| Yes |

What is the ownership percentage of this nonprofit organization?

| 100% of GP |

2) Describe the nonprofit’s participation: Co-developer, oversee resident services and operations

3) Describe the nonprofit’s participation in the operation of the Development throughout the Compliance and/or extended use period:

Co-developer, oversee resident services and operations, tax matters partner

4) Will the nonprofit receive part of the development fees paid in connection with the development?

| Yes |

If "Yes," explain: They will receive 5% of total development fee
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Keep</td>
<td>President</td>
<td>1717 Arts Plaza #2208</td>
<td>Dallas</td>
<td>TX</td>
<td>75201</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(214) 403-4987</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><a href="mailto:gdkeep@gmail.com">gdkeep@gmail.com</a></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Melissa Lewis</td>
<td>Secretary/Low Income Neighborhood</td>
<td>1515 Seevers Avenue</td>
<td>Dallas</td>
<td>TX</td>
<td>75216</td>
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<tr>
<td></td>
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<tr>
<td></td>
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<td><a href="mailto:missylew69@gmail.com">missylew69@gmail.com</a></td>
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</tr>
<tr>
<td>Cary Fitzgerald</td>
<td>Board Member</td>
<td>5116 Meadowcrest Drive</td>
<td>Dallas</td>
<td>TX</td>
<td>75229</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(817) 480-3606</td>
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<tr>
<td></td>
<td></td>
<td><a href="mailto:cary@riverbendproperties.com">cary@riverbendproperties.com</a></td>
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<tr>
<td>Vernon Hunt</td>
<td>Board Member/Low Income Resident</td>
<td>9727 Whitehurst Drive #55</td>
<td>Dallas</td>
<td>TX</td>
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<td></td>
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<tr>
<td>Ikenna Mogbo</td>
<td>Board Member</td>
<td>1345 River Bend Drive, Suite 200</td>
<td>Dallas</td>
<td>TX</td>
<td>75247</td>
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<tr>
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<td></td>
<td><a href="mailto:ikenna.mobbo@metrocareservices.org">ikenna.mobbo@metrocareservices.org</a></td>
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<td><a href="mailto:rich.buckley@metrocareservices.org">rich.buckley@metrocareservices.org</a></td>
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Applications involving a Qualified Nonprofit Organization pursuant to Texas Government Code, §2306.6706 that have a 501(c)(3) or 501(c)(4) designation at the time of Application and competitive 9% HTC Applications electing to compete under the Nonprofit Set-aside must provide the following documentation behind this tab:

- **X** IRS determination letter
- **X** Third Party legal opinion (not applicable to Tax-Exempt Bond Developments)
- **X** The Nonprofit's most recent financial statement as prepared by a Certified Public Accountant (not applicable to Tax-Exempt Bond Developments)
- **X** Certification regarding Board member residence (not applicable to Tax-Exempt Bond Developments)
LIFENET COMMUNITY BEHAVIORAL HEALTHCARE

Resolutions for

Churchill Golden Triangle Community GP, LLC and
Churchill at Golden Triangle Community, L.P.

and for

Execution of the LIHTC Application, Housing Tax Credits and
Additional Financing for

Churchill at Golden Triangle Community – TDHCA #19009

WHEREAS, the Partnership has prepared a low-income housing tax credit application (the "LIHTC Application") for submission to the Texas Department of Housing and Community Affairs ("TDHCA") in order to raise funding for the construction of the Churchill at Golden Triangle Community in the City of Fort Worth, Tarrant County, Texas (the "Project");

WHEREAS, the Partnership has additionally applied for Multifamily Direct Loan financing from the TDHCA and for Local Political Subdivision financing from the City of Fort Worth (collectively, the "Additional Financing") in order to raise additional funding for the construction of the Project;

RESOLVED, that the Company, in its capacity as the general partner of the Partnership, is hereby authorized, empowered, and directed to (i) prepare and submit the LIHTC Application in order to obtain an award of Housing Tax Credits, (ii) prepare and submit necessary applications to obtain the Additional Financing, and (iii) to execute any and all documents, instruments and other writings of every nature review, approve, execute, whatsoever as the Company deems necessary for the Partnership to obtain the desired Housing Tax Credits and the Additional Financing, in its own individual capacity, and on behalf of the Partnership, in order to consummate the transactions described in this resolution on behalf of the itself and the Partnership.

RESOLVED, that the Company, in its own capacity and as the general partner of the Partnership, hereby authorizes Gary Keep as President/CEO of the Company’s sole member (the "Executing Officer"), acting alone, without the necessity of joinder by any other person, for and on behalf of the Partnership, to execute any and all documents relating to the LIHTC Application, any award of Housing Tax Credits, and the Additional Financing.

RESOLVED, that the Company be, and it hereby is, authorized to do any and all acts and things and to execute any and all agreements, consents, and documents as in its opinion, or in the opinion of counsel to the Company, may be necessary or appropriate in order to carry out the purposes and intent of any of the foregoing resolutions.
RESOLVED, that the signing of these resolutions shall constitute full ratification of any actions previously taken in contemplation of these resolutions by the signatories.

BE IT FURTHER RESOLVED, that all actions heretofore taken by the sole member of the Company to carry out the intent of the foregoing resolutions, and the execution and delivery of such instruments and documents as believed to be necessary for that purpose, are hereby approved by the Board of Directors, ratified, and confirmed in all respects.

These Resolutions shall be in full force and effect from and upon their adoption.

[Signature on following page]
ADOPTED as of the 13th day of February, 2019

LIFENET COMMUNITY
BEHAVIORAL HEALTHCARE

By: [Signature]
Gary Keep, President/CEO
Dear Sir or Madam:

This is in response to your request of August 30, 2007, regarding your organization's tax-exempt status.

In April 1980 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(3) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1
February 20, 2019

Texas Department of Housing and Community Affairs
P.O. Box 13941
221 East 11th Street
Austin, Texas 78711-3941

RE: Name of Development:
   Churchill at Golden Triangle
TDHCA Development Number:
   19009
Address of Development:
   ~11000 Metroport Way
   Fort Worth, Texas 76177
Development Owner:
   Churchill at Golden Triangle Community, L.P.

Ladies and Gentlemen:

Churchill at Golden Triangle Community, L.P., a Texas limited partnership, is the Applicant (herein so called). LifeNet Community Behavioral Healthcare, a Texas non-profit corporation ("LifeNet"), is the sole general partner of Applicant through LifeNet's wholly-owned subsidiary. We have been asked to render our legal opinion to meet the requirements of Texas Government Code Section 2306.6706 and 10 Texas Administrative Code Section 10.204(14)(A)(iii). This opinion is issued to the Texas Department of Housing and Community Affairs (the "Department") so that the Department, its governing board, and its staff may rely on it in making any determinations that the Applicant is eligible under Texas Government Code Section 2306.6706(b) for a housing tax credit application from the non-profit set-aside.

In rendering our opinion, we have reviewed (i) the Restated Certificate of Formation for LifeNet filed with the Texas Secretary of State on April 9, 2012, as amended by the First Amendment to Restated Certificate of Formation filed with the Texas Secretary of State on February 1, 2016; (ii) Second Amended and Restated Bylaws of LifeNet dated December 31, 2015; (iii) a letter from the Internal Revenue Service dated August 30, 2007, recognizing the tax-exempt status of LifeNet as a 501(c)(3) organization; (iv) a Certification of LifeNet to our firm with respect to certain matters set forth herein (the "Certification"); (v) a listing of the board of directors of LifeNet with each director's address of principal residence (the "Board List"); and (vi) a Certificate of Fact with respect to LifeNet issued by the Texas Secretary of State and a Statement of Franchise Tax Account Status with respect to LifeNet issued by the Texas Comptroller of Public Accounts, each dated February 18, 2019 (collectively, the "Good Standing Certificates").

We have also examined the records of LifeNet to determine whether or not there exists any identity of interest between LifeNet and any for-profit sponsors of the above-referenced development (the "Development"). We have also reviewed such other documents,
instruments, and writings as we deemed necessary or advisable to enable us to render this opinion. We have assumed and relied upon the genuineness of all certifications and have no reason to question them. The review of all such documents, individually and collectively, forms the basis for our opinion.

Based upon our review of the foregoing, it is our opinion that:

1. LifeNet is not affiliated with, or Controlled (within the meaning of 10 Texas Administrative Code Section 10.3(a)(29)) by, a for-profit organization with respect to the Development, based on the Articles of Incorporation, Bylaws, and Certification of LifeNet referenced above.

2. LifeNet is a "Qualified Nonprofit Organization" within the meaning of Section 2306.6706 of the Texas Government Code and Section 42(h)(5) of the Internal Revenue Code.

3. LifeNet is an organization described in paragraph (3) or (4) of Section 501(c) and is exempt from tax under Section 501(a) of the Internal Revenue Code. LifeNet is an organization that has its Internal Revenue Service documentation of designation as a Section 501(c)(3) or 501(c)(4) organization as of the beginning of the Application Acceptance Period for the 2019 tax credit allocation round. LifeNet, through its wholly-owned subsidiary, is the managing general partner of the Applicant.

4. LifeNet is an organization which specifically has the fostering of low-income housing as one of its tax exempt purposes, and the development and operation of the Development as low income housing is a legal purpose of the Applicant.

5. The Applicant is eligible for a housing credit allocation from the set-aside reserved for the use of qualified nonprofit organizations based on the Applicant's representations in the tax credit application for the Development that LifeNet will have 100% control of the Applicant's managing general partner. Moreover, based on the Certification and the Board List, a majority of the members of LifeNet's Board of Directors reside within 90 miles of the proposed Development.

6. The Applicant will have the managing general partner or an affiliate or subsidiary that is also a nonprofit entity or its nonprofit affiliate or subsidiary meeting the requirements of Sections 2306.6706 and 2306.6729 of the Texas Government Code and Section 42(h)(5) of the Internal Revenue Code be the Developer or co-Developer as evidenced in the development agreement.

7. LifeNet prohibits any member of its board of directors (the "Board"), other than a chief staff member serving concurrently as a member of the Board, from receiving material compensation for service on the Board.

8. Based on the Good Standing Certificates, LifeNet has the corporate authority to do business as a non-profit corporation in Texas.
In rendering Opinion 6 above, we have assumed that the development agreement that will be entered into for the Development will be consistent with the representations in the tax credit application for the Development regarding nonprofit participation.

Sincerely,

[Signature]

LOCKE LORD LLP
June 26, 2018

We conducted an audit of the consolidated financial statements of Lifenet Community Behavioral Healthcare and Affiliates (Organization) in accordance with U.S. generally accepted auditing standards. In our audit opinion dated June 26, 2018, we state that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2017 and the changes in its net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The Texas Department of Housing and Community Affairs requires that the Organization conduct its operations in compliance with:

Section 11.182: Community Housing Development Organization Improving Property for Low-Income and Moderate-Income Housing: Property Previously Exempt

Section 11.1825: Organizations Constructing or Rehabilitating Low-Income Housing: Property Not Previously Exempt

Based on our understanding of Sections 11.182 and 11.1825 of the Texas Tax Code, the Organization is in compliance.

Sutton Frost Cary LLP
A Limited Liability Partnership
Lifenet Community Behavioral Healthcare and Affiliates

Contents

Independent Auditors’ Report 1

Consolidated Financial Statements:

Consolidated Statement of Financial Position 3

Consolidated Statement of Activities 4

Consolidated Statement of Changes in Net Assets 5

Consolidated Statement of Cash Flows 6

Notes to Consolidated Financial Statements 7
Independent Auditors’ Report

Board of Directors
Lifenet Community Behavioral Healthcare

We have audited the accompanying consolidated financial statements of Lifenet Community Behavioral Healthcare and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of the tax credit limited partnerships, which statements reflect total assets of $125,728,633 and total liabilities of $62,992,348 as of December 31, 2017. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the tax credit limited partnerships, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, based on our audit and the reports of other auditors the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lifenet Community Behavioral Healthcare and Affiliates as of December 31, 2017, and the changes in net assets and cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Correction of Error**

As described in Note 3 to the consolidated financial statements, Lifenet Community Behavioral Healthcare’s net assets were restated to include a division of Lifenet Community Behavioral Healthcare that was improperly excluded. Our opinion is not modified with respect to his matter.

Sutton Breast Cary

A Limited Liability Partnership

Arlington, Texas
June 26, 2018
Lifenet Community Behavioral Healthcare and Affiliates
Consolidated Statement of Financial Position
December 31, 2017

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$154,060</td>
</tr>
<tr>
<td>Other current assets</td>
<td>$8,258</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$682,636</td>
</tr>
<tr>
<td>Limited partnerships' assets</td>
<td>$125,728,633</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$126,573,587</strong></td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expense</td>
<td>$12,063</td>
</tr>
<tr>
<td>Limited partnerships' liabilities</td>
<td>$62,992,348</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>63,004,411</strong></td>
</tr>
</tbody>
</table>

## Net assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$778,518</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$66,945</td>
</tr>
<tr>
<td>Noncontrolling interests in limited partnerships</td>
<td>$62,723,713</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>63,569,176</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$126,573,587</strong></td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements.
## Lifenet Community Behavioral Healthcare and Affiliates
### Consolidated Statement of Activities
#### Year Ended December 31, 2017

### See notes to consolidated financial statements.
### Lifenet Community Behavioral Healthcare and Affiliates
#### Consolidated Statement of Changes in Net Assets
#### Year Ended December 31, 2017

See notes to consolidated financial statements.

```
<table>
<thead>
<tr>
<th></th>
<th>LCBH</th>
<th>Noncontrolling Interests in Limited Partnerships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
<td>Operating Subtotal</td>
</tr>
<tr>
<td>Balance, January 1, 2017, as originally reported</td>
<td>$ 722,011</td>
<td>$ 1,013,315</td>
<td>$ 1,735,326</td>
</tr>
<tr>
<td>Restatement</td>
<td>(33,725)</td>
<td>66,945</td>
<td>33,220</td>
</tr>
<tr>
<td>Balance, January 1, 2017, as restated</td>
<td>688,286</td>
<td>1,080,260</td>
<td>1,768,546</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Distributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>90,232</td>
<td>(1,013,315)</td>
<td>(923,083)</td>
</tr>
<tr>
<td>Balance, December 31, 2017</td>
<td>$ 778,518</td>
<td>$ 66,945</td>
<td>$ 845,463</td>
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</tbody>
</table>
```
### Lifenet Community Behavioral Healthcare and Affiliates

#### Consolidated Statement of Cash Flows

**Year Ended December 31, 2017**

See notes to consolidated financial statements.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(3,854,299)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Change in limited partnerships assets and liabilities</td>
<td>$(6,414,432)</td>
</tr>
<tr>
<td>Depreciation ($4,730,212 attributable to noncontrolling interest in limited partnerships)</td>
<td>4,809,769</td>
</tr>
<tr>
<td>Loss on sale of property and equipment</td>
<td>1,198,814</td>
</tr>
<tr>
<td><strong>Changes in operating assets and liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Other current assets</td>
<td>$(7,758)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$(4,791)</td>
</tr>
<tr>
<td><strong>Net cash used by operating activities</strong></td>
<td>$(4,272,697)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>708,105</td>
</tr>
<tr>
<td>Change in restricted cash</td>
<td>219,357</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>927,462</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Due to/from related party</td>
<td>$(869,307)</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>$(421,660)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>5,105,366</td>
</tr>
<tr>
<td>Syndication costs</td>
<td>$(489,930)</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>3,324,469</td>
</tr>
<tr>
<td><strong>Net decrease in cash</strong></td>
<td>$(20,766)</td>
</tr>
<tr>
<td><strong>Cash at beginning of year</strong></td>
<td>174,826</td>
</tr>
<tr>
<td><strong>Cash at end of year</strong></td>
<td>$154,060</td>
</tr>
</tbody>
</table>

Supplemental disclosure of cash flow information:
Cash paid during the year for interest

$3,606,522
1. Organization

Lifenet Community Behavioral Healthcare (LCBH) and its affiliates provide low-income housing to persons with severe and persistent mental illness in the Dallas County community. LCBH was established in 1979 as a Texas nonprofit corporation.

LCBH has formed several limited liability companies (LLCs). The purpose of these LLCs is to act as the general partner in several real estate limited partnerships (LPs), which offer low-income housing tax credits to investors.

The consolidated financial statements include the accounts of LCBH and certain real estate limited partnerships (collectively, the Organization). The Organization is supported through client rental payments, rent subsidies from the U.S. Department of Housing and Urban Development (HUD) and partnership management fees.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of LCBH and certain real estate LPs in which LCBH has a controlling interest. All material inter-organization transactions and accounts have been eliminated in consolidation.

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Revenues are recorded when earned and expense are recorded when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time. LCBH’s had temporarily restricted net assets at December 31, 2017 restricted by donors for housing.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purpose. The Organization had no permanently restricted net assets as of December 31, 2017.
Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash. Cash is placed with high credit quality financial institutions to minimize risk. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2017, the Organization does not have any uninsured balances.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 30 years for residential real estate and 3 to 10 years for furniture and equipment.

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There was no impairment loss recognized for 2017.

In January 2017, the Organization sold property located at 4515 Live Oak for $825,000 resulting in a loss on sale of approximately $1,198,000.

Restricted Cash

Restricted cash is not considered a cash equivalent, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits and repairs or improvements to the property located at 4515 Live Oak. This property was disposed of during the year and restricted cash accounts were closed in connection with the sale.
Relevant recognition

Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. A portion of the rental income is in the form of a subsidy payments from HUD under Section 8 of the National Housing Act.

Other income results from fees earned for late payments, cleaning, damages, and laundry facilities and is recorded when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Taxes

LCBH is recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation as defined in the IRC. LCBH did not have any material unrelated business income for the year ended December 31, 2017. For the year ended December 31, 2017, LCBH did not identify any uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The LLCs are wholly-owned for-profit subsidiaries of LCBH which are considered to be disregarded entities in the preparation of LCBH’s federal information return.

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated among the various functions.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.
Limited Partnerships

In accordance with FASB ASC 810-20, *Control of Partnerships and Similar Entities*, LCBH has determined that it controls certain real estate limited partnerships and, therefore, has included the limited partnerships’ financial statements in the consolidated financial statements.

The Organization has formed ten LLCs that hold a controlling general partner interest in their respective limited partnerships. These housing projects are rented to low-income tenants and are operated in a manner necessary to qualify for federal low-income housing tax credits as provided for in Section 42 of the IRC. Such LLCs and LPs are as follows:

<table>
<thead>
<tr>
<th>LLC's (Owned 100% by LCBH)</th>
<th>Ownership in LP's</th>
<th>LP's Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>LCBH GP, LLC</td>
<td>0.05%</td>
<td>Churchill at Longview, LP</td>
</tr>
<tr>
<td>Lifenet - Commerce GP, LLC</td>
<td>0.01%</td>
<td>Commerce Family Community, LP</td>
</tr>
<tr>
<td>Lifenet - Lewisville GP, LLC</td>
<td>0.01%</td>
<td>Lewisville Senior Community, LP</td>
</tr>
<tr>
<td>Lifenet - Keller GP, LLC</td>
<td>0.01%</td>
<td>Keller Senior Community, LP</td>
</tr>
<tr>
<td>Lifenet - Pinnacle Park GP, LLC</td>
<td>0.01%</td>
<td>Churchill at Pinnacle Park, LP</td>
</tr>
<tr>
<td>Lifenet - Longview GP, LLC</td>
<td>0.05%</td>
<td>Longview Senior Community, LP</td>
</tr>
<tr>
<td>Lifenet - Rockwall GP, LLC</td>
<td>0.05%</td>
<td>Rockwall Senior Community, LP</td>
</tr>
<tr>
<td>Lifenet - Farmers Branch GP, LLC</td>
<td>0.05%</td>
<td>Farmers Branch Senior Community, LP</td>
</tr>
<tr>
<td>LCBH - The Colony GP, LLC</td>
<td>0.01%</td>
<td>The Colony Senior Community, LP</td>
</tr>
<tr>
<td>Hebron 2013 GP, LLC</td>
<td>0.005%</td>
<td>Hebron Senior Community, LP</td>
</tr>
<tr>
<td>Lifenet Champions Circle GP, LLC</td>
<td>0.005%</td>
<td>Churchill at Champions Circle Community, LP</td>
</tr>
</tbody>
</table>

Assets and liabilities of the limited partnerships consist principally of land, buildings, construction-in-progress and long-term debt. Noncontrolling interests in the limited partnerships of $62,723,713 at December 31, 2017 represents the ownership by the limited partners and not that of the general partners that is required under ASC 810-20 to be included in the consolidated financial statements.

3. Prior Year Restatement

LCBH’s net assets at January 1, 2017 were restated to include a division of LCBH that was improperly excluded from the 2016 consolidated financial statements. The cumulative effect of the restatement as of January 1, 2017 resulted in a decrease to unrestricted net assets of $33,725, an increase to temporarily restricted net assets of $66,945 and an increase to total net assets of $33,220.
4. Commitments and Contingencies

In August 2011, LCBH acquired a permanent supportive housing project. LCBH maintains and rents the project to tenants qualifying for the Section 8 Rental Voucher Program administered by HUD. The project was developed using monies provided by grants and restrictive, low interest rate loans. The terms of the grant and loan restricts the use of the property and generally require it be rented to low-income qualified tenants for the period of the grant and related loan term. LCBH must use the project for the purpose of providing long-term housing and supportive services to low-income families until December 31, 2029. Failure to comply with the restrictions could result in a requirement to repay a portion or all of the proceeds received. The restricted grant is classified in the consolidated statement of financial position as temporarily restricted net assets. During the year ended December 31, 2017, the Organization sold the property to an eligible buyer and released temporarily restricted net assets related to this property of $1,013,315.

5. Related Party Transactions

Management fee income is related to services provided to affiliates. In addition, the general partners earn partnership management fees for oversight of the properties. Management fee income associated with affiliates is eliminated in consolidation. The elimination of these fees is allocated to the controlling interest.

6. Subsequent Events

Management evaluated subsequent events after the consolidated statement of financial position date through June 26, 2018, the date the consolidated financial statements were available to be issued, and noted that no additional disclosures were required.
Part 5
Organization

Tab 41
Nonprofit Support Documents

Certification of Residence

Texas Statutes - Section 2306.6706: Additional Application Requirement: Nonprofit Set-Aside Allocation

Applicant hereby represents, warrants, agrees, acknowledges and certifies to the Department and to the State of Texas that:

The board members of LifeNet Community Behavioral Healthcare listed on the attached LifeNet Board of Directors Roster is evidence that a majority of the members of the nonprofit organization's board of directors principally reside:

(A) in this state, if the development is located in a rural area; or

(B) not more than 90 miles from the development in the community in which the development is located, if the development is not located in a rural area.

By signing this document, the undersigned, in their individual capacity, on behalf of Applicant, is affirming under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (Vernon 2003 & Supp. 2007) and subject to any and all other state or federal laws regarding the making of false statements to governmental bodies or the false statements or the providing of false information in connection with the procurement of allocations or awards that the Application and all materials relating thereto constitute government documents and that the Application and all materials relating thereto are true, correct, and complete in all material respects.

By: ________________________________

Signature of Authorized Representative

______________________________

President

Title

______________________________

February 13, 2019

Date
### Development Team Members

The requested information on all known Development Team members must be provided. In addition to the categories listed below, the “Other” category should be used to list all known Development Team members that are included in the “Development Cost Schedule.” If the team member that will be utilized is not yet known, indicate “TBD.” If it is anticipated that the Development Team category will not be utilized, indicate “N/A.”

*If there is a direct or indirect, financial, or other interest with Applicant or other team members, provide an attachment behind this form in the Application that explains the relationship(s).*

#### Developer:

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Phone</th>
<th>Certified Texas HUB?</th>
<th>This is a direct or indirect, financial, or other interest with Applicant or other team members*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churchill Senior Communities, L.P.</td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Brad Forslund</td>
<td>(972) 550-7800</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:bforslund@cri.bz">bforslund@cri.bz</a></td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax ID Number (TIN)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NE Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andre Nicholas</td>
<td>(972) 221-0095</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:anicholas@neconstruction.net">anicholas@neconstruction.net</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Fee</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Tax ID Number (TIN)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Housing General Contractor:

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Phone</th>
<th>Certified Texas HUB?</th>
<th>This is a direct or indirect, financial, or other interest with Applicant or other team members*</th>
</tr>
</thead>
<tbody>
<tr>
<td>NE Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andre Nicholas</td>
<td>(972) 221-0095</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td><a href="mailto:anicholas@neconstruction.net">anicholas@neconstruction.net</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Fee</td>
<td></td>
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#### Architect:

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<tr>
<td>Arrive Architecture Group</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Marc Tolson</td>
<td>(817) 514-0584</td>
<td></td>
<td></td>
</tr>
<tr>
<td><a href="mailto:marc@arriveag.com">marc@arriveag.com</a></td>
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2/27/2019
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<tr>
<td>Engineer:</td>
<td>Kimley Horn</td>
<td>Nick Sulkowski</td>
<td>(972) 770-1357</td>
<td><a href="mailto:nick.sulkowski@kimley-horn.com">nick.sulkowski@kimley-horn.com</a></td>
<td>TBD</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>George Littlejohn</td>
<td>(512) 340-0420</td>
<td><a href="mailto:george.littlejohn@novoco.com">george.littlejohn@novoco.com</a></td>
<td>TBD</td>
<td>94-3108253</td>
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<td></td>
<td>Barry Palmer</td>
<td>(713) 653-7395</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td></td>
<td>Darrell Jack</td>
<td>(210) 530-0040</td>
<td><a href="mailto:djack@stic.net">djack@stic.net</a></td>
<td>TBD</td>
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<td>Coats, Rose</td>
<td>(512) 340-0420</td>
<td><a href="mailto:bpalmer@coatsrose.com">bpalmer@coatsrose.com</a></td>
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<td>Novogradac</td>
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<td>(512) 340-0420</td>
<td><a href="mailto:george.littlejohn@novoco.com">george.littlejohn@novoco.com</a></td>
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<tr>
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<tr>
<td><strong>Churchill Senior Communities Management</strong></td>
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<td><strong>Bond Issuer:</strong></td>
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<tr>
<td><strong>Robert Tinning</strong></td>
<td><strong>Benjamin Glispie</strong></td>
<td></td>
</tr>
<tr>
<td>(972) 550-7800</td>
<td>(972) 295-1031</td>
<td>Text: <strong>Originator of Underwriter:</strong></td>
</tr>
<tr>
<td><strong><a href="mailto:rtinning@cri.bz">rtinning@cri.bz</a></strong></td>
<td><strong><a href="mailto:benjamin.glispie@capitol.com">benjamin.glispie@capitol.com</a></strong></td>
<td><strong>Bond Issuer:</strong></td>
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<tr>
<td>5% of property revenue</td>
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<tr>
<td><strong>National Equity Fund</strong></td>
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<tr>
<td><strong>Jason Aldridge</strong></td>
<td><strong>National Equity Fund</strong></td>
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<tr>
<td>(972) 741-5150</td>
<td><strong><a href="mailto:jaldridge@nefinc.org">jaldridge@nefinc.org</a></strong></td>
<td><strong>Contact Name</strong></td>
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<tr>
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*This is a direct or indirect, financial, or other interest with Applicant or other team members*
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<tr>
<th>Title Company</th>
<th>Jim Lazar</th>
<th>(214) 373-6100</th>
</tr>
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<tbody>
<tr>
<td>Contact Name</td>
<td>j Lazar</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:jazar@jameslazar.com">jazar@jameslazar.com</a></td>
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<tr>
<td>Contact Name</td>
<td><a href="mailto:brian.reeser@interTek.com">brian.reeser@interTek.com</a></td>
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2/27/2019
The Architect Certification is included behind this tab.

The form for the certification will be posted to the Department's website at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm.

NOTE: The certification requires a separate statement be submitted that describes how the accessibility requirements for the physically accessible /hearing and visual impaired Units will be met, along with related parking requirements. Be sure this statement is attached to this certification. Forms signed by the architect in Tabs 23(a), (b), and (c) may meet this requirement.
I (We) certify that the Development will be designed and built to meet the accessibility requirements of the Federal Fair Housing Act as implemented by HUD at 24 C.F.R. Part 100 and the Fair Housing Act Design Manual, Titles II and III of the Americans with Disabilities Act (42 U.S.C. Sections 12131-12189) as implemented by the Department of Justice regulations at 28 C.F.R. Parts 35 and 36, and the Department’s Accessibility rules in 10 TAC Chapter 1, Subchapter B, in effect at the time of certification.

I (we) certify that all materials submitted to the Department by the Architect or Applicant constitute records of the Department subject to Chapter 552, Tex. Gov’t Code, and the Texas Public Information Act.

I (We) certify that in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8, if the Development includes the New Construction or substantial rehabilitation of multifamily units (4 or more units per building), 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 ADA Standards with the exceptions listed in “Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities” (Federal Register 79 FR 29671) 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.

I (We) have attached a statement describing how the requirements of Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 will be met as described in 10 TAC Chapter 1, Subchapter B. At a minimum, the statement will include (1) The total number of Units (2) Number and description of Unit types, the number of Units of each Type, (3) Number of Units of each Type that will meet the accessibility requirements, and (4) a description of how the accessibility requirements relating to Unit distribution will be met.

I (We) certify that I (We) have reviewed and understand the Department’s fair housing educational materials posted on the Department’s website as of the beginning of the Application Acceptance Period.

I (We) certify that all persons who have a property interest in the Development plan hereby acknowledge that the Department may publish the full Development plan on the Department’s website, release the Development plan in response to a request for public information, and make other use of the Development plan as authorized by law.
I (We) certify that if the Development includes the New Construction or Rehabilitation of single family units (1 to 3 units per building), every unit will be designed and built to meet the accessibility requirements of Tex. Gov’t Code §2306.514, as it may be amended from time to time.

I (We) have attached a statement describing how, regardless of building type, all Units accessed by the ground floor or by elevator ("affected units") meet the requirements at 10 TAC §11.101(b)(8)(B).

I(We) certify that all accessible Units under 10 TAC Chapter 1, Subchapter B, and all affected Units meeting the requirements under 10 TAC 11.101(b)(8)(B) will be dispersed throughout the Development.

If the Applicant is applying for HOME funds and the Development consists of New Construction, I (We) further certify that the Development meets the Construction Site Standards in 24 C.F.R §983.57(e)(1).

This certification meets the requirement that the Applicant provide a certification from the Development engineer or an accredited architect. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist.

By: ____________________________
   Signature
   02/07/2019

Date

J. Marc Tolson, AIA

Printed Name

TX 19211

License Number and State

ARRIVE Architecture Group, LLC

Firm Name (If applicable)
Architects Certification  
Supplemental Certification  
Direct Loan Applications  

Churchill at Golden Triangle Community, L.P. – TDHCA #19009  

I certify that the development site is the proper size to accommodate the proposed development with a reasonable density of approximately 20 units per acre. The site is generally flat with a slight slope for drainage, is well dimensioned and has adequate exposure for the purposes of the proposed multifamily development.

By: [Signature]  
Date: 2/8/2019  

J. Marc Tolson, AIA  
Printed Name  

ARRIVE Architecture Group, LLC  
Name of Firm  

THE STATE OF TEXAS  

COUNTY OF Tarrant  

Before me, a notary public, on this day personally appeared J. Marc Tolson, AIA, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 8th day of February, 2019  

(Seal)  

Kelly Butts  
My Notary ID # 129237039  
Expires December 18, 2020  

Notary Public Signature
The proposed development will include the following unit mix which details the 5% of total units for mobility ("A" units) and 2% of total units for hearing and visually impaired units ("B" units). These units are well distributed throughout the property and are shaded on the architectural plans.

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<thead>
<tr>
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<tbody>
<tr>
<td>THREE STORIES</td>
<td>UNIT MIX</td>
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<tr>
<td>92 NON ADA UNITS</td>
<td>A's (TYP)= 45</td>
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<tr>
<td>5 ADA UNITS</td>
<td>B's (TYP)= 45</td>
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<tr>
<td>2 HV UNITS</td>
<td>C's (TYP)= 9</td>
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<td>99 TOTAL UNITS</td>
<td>99 TOTAL UNITS</td>
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1 STORY 3,000 SQFT CLUBHOUSE

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<tbody>
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<tr>
<td>B1= 3</td>
<td>902 SQFT.</td>
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<tr>
<td>B2= 3</td>
<td>900 SQFT.</td>
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<td>TOTAL 27</td>
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<table>
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<tr>
<td>B1= 6</td>
<td>902 SQFT.</td>
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<td>B2= 9</td>
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PARKING:
- REQUIRED PARKING
  - 1 SPACE PER BEDROOM
  - 1 SPACE PER 250 SQFT OF CLUBHOUSE
  - 174 TOTAL SPACES

- PROVIDED PARKING:
  - 158 NON-COVERED SPACES
  - 16 NON-COVERED HC SPACES
  - 174 TOTAL SPACES

The parking includes a total of 16 handicap spaces which includes 2 van accessible spaces that are strategically located for the convenience of the handicap residents.
J. Marc Tolson, AIA
Printed Name

ARRIVE Architecture Group, LLC
Name of Firm

THE STATE OF TEXAS

COUNTY OF Tarrant

Before me, a notary public, on this day personally appeared J. Marc Tolson, AIA, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 8th day of February, 2019

(Seal)

KELLY BUTTS
My Notary ID # 129237039
Expires December 18, 2020

Notary Public Signature
Evidence of Experience Must be Provided Behind this Tab

Pursuant to §11.204(6) of the QAP, a Principal of the Developer, Development Owner, or General Partner must establish that they have experience in the development of 150 units or more.

Evidence of experience behind this tab includes:

- An Experience certificate issued by the Department under the 2014-2018 Uniform Multifamily Rules.
- An Experience certificate issued by the Department under the 2019 QAP.
- An Application for experience and supporting documentation in accordance with §11.204(6)(A)(i)-(ix).
- Evidence from the Department that the application for experience was received and is being processed by the Department.

Alternatively, pursuant to §13.5(d)(1) of the Multifamily Direct Loan Rule, Applicants requesting MFDL as the only source of Department funds may meet the Experience Requirement by providing evidence of the successful development and operation for at least 5 years of at least twice as many affordability restricted units as requested in the Application.

- Documentation provided behind this tab meets the alternative Experience Requirement in §13.5(d)(1).

DUNS Number and System for Award Management (SAM.gov) registration (Direct Loan Applications Only)

The Office of Management and Budget (OMB) requires grant applicants to provide a Dunn and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for Federal grants, including Direct Loan funds, on or after October 1, 2003. The DUNS number will supplement other identifiers required by statute or regulation, such as tax identification numbers. To apply for a DUNS number applicants can go to the Dunn & Bradstreet website:

http://fedgov.dnb.com/webform

Once applicants have obtained a DUNS number, they must register with the SAM database:

https://sam.gov/portal/public/SAM

Applicants may provide this information with the Application or upon award.

- Evidence of SAM.gov registration for the applicant entity is attached behind this tab.
- Evidence of SAM.gov registration for the applicant entity will be provided upon award.

Davis Bacon Labor Standards (Direct Loan Applications Only)

NOTE: The Department’s Section 811 PRA program is designed such that Davis Bacon generally does not apply.

24 CFR §92.354, Davis-Bacon Act (40 U.S.C. §§276(a)-276(a)(5), the Davis-Bacon Related Acts, the Contract Work Hours and Safety Standards Act, and the Copeland (Anti-Kickback) Act (40 U.S.C. §276(c)) apply to developments being assisted with Direct Loan funds if (Select all that apply):

- N/A Twelve (12) or more Direct Loan-assisted units will be rehabilitated or constructed under one construction contract.
- Community Development Block Grant (CDBG) funds (including NSP1 PI) are being used to support the Development, which requires a lower number of units (8) be used as a threshold.
December 16, 2015

Mr. Bradley E. Forslund
5605 North MacArthur Boulevard, Suite 580
Irving, Texas 75038

RE: REQUEST FOR EXPERIENCE CERTIFICATE UNDER 2016 UNIFORM MULTIFAMILY RULES

Dear Mr. Forslund:

We have reviewed your request for an experience certificate, which is provided to individuals that meet the requirements of §10.204(6) of the Uniform Multifamily Rules. In order to meet the experience requirements an individual must establish that they have experience in the development and placement in service of at least 150 residential units. We find that the documentation you have provided is sufficient to establish this required experience. Additionally, you have certified to compliance with the requirements of §10.204(6)(B), including the following requirements:

(ii) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing in another state, in which the Person or Affiliate has been the subject of issued IRS Form 8823 citing non-compliance that has not been or is not being corrected with reasonable due diligence. ...

(iv) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves.

Should you choose to participate as a member of the Development Team or an individual providing experience for any Application submitted for funding, a Previous Participation Review (10 TAC §1.5) may be conducted prior to any award of funds. Additionally, should it be determined at any point in time that the information provided in your request for experience is fraudulent, knowingly falsified, intentionally or negligibly materially misrepresented, or omits relevant information, this
certificate of experience is null and void and you may be subject to other sanctions under the Texas Department of Housing and Community Affairs' rules and requirements.

If you have any questions or concerns regarding this certificate or the experience requirements, please contact Marni Holloway at marni.holloway@tdhca.state.tx.us.

Sincerely,

Marni Holloway
Director of Multifamily Finance
Business Information Report

User Id: bvillanueva@cri.bz

Business Summary

Company Name: CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P.
Trade Style / DBA: CHURCHILL AT GOLDEN TRIANGLE
Physical Address: 5005 N Macanhur Blvd #S80
Physical City: Irving
Physical State: TX
Physical Zip: 75038
Telephone: 972 550-7800
Year started: 2016
Employs: UNDETERMINED
SIC: 1522
Line of business: Residential construction

D-U-N-S Number: 089166806

Special Events

2017-03-19
Source(s) Indicate the address shown above may no longer be used by this business.

History

The following information was reported 02/09/17:

Officer(s): BRADLEY FORSLUND, MANAGER

The Texas Secretary of State's business registrations file showed that Churchill at Golden Triangle Community, L.P. was registered as a Limited Partnership on January 7, 2016.

Business started 2016.
BRADLEY FORSLUND, Antecedents not available.

Operations

2017-02-09
Description: Contractor of residential buildings, specializing in new multi-family dwellings.
Employees: UNDETERMINED which includes partners.
Facilities: Commercial 5,000 sq. ft. on 4th floor of 4 story brick building.

SIC & NAICS

SIC: 15229107 Multi-family dwellings, new construction
NAICS: 236116 New Multifamily Housing Construction (except Operative Builders)

PAYMENT SUMMARY

The Payment Summary section reflects payment information in Dun & Bradstreet's file as of the date of this report.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

<table>
<thead>
<tr>
<th>Top Industries:</th>
<th>Total Rec'd ($</th>
<th>Total Dollar Amts ($)</th>
<th>Largest High Credit ($)</th>
<th>Within Terms (%)</th>
<th>Days Slow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other payment categories:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash experiences:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Payment record unknown:</td>
<td></td>
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<tr>
<td>Unfavorable comments:</td>
<td></td>
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<tr>
<td>Placed for collections:</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>With Dun &amp; Bradstreet:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Total in Dun &amp; Bradstreet's file:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Days Slow: <31(%) 31-60(%) 61-90(%) 90+ (%)

D&B receives over 600 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

Banking & Finance

Dun & Bradstreet has researched this company and found no information available at this time.

https://industrial.com/dnb/PaymentSummaryReport.htm
**Entity Overview Details**

<table>
<thead>
<tr>
<th>DUNS</th>
<th>080166806</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td>Submitted</td>
</tr>
<tr>
<td>Location</td>
<td>5605 N MacArthur Blvd #580, Irving, TX, 75038 - 2694, UNITED STATES</td>
</tr>
</tbody>
</table>

**D&B Legal Business Name:** Churchill at Golden Triangle Community, L.P.

**Doing Business as:** Churchill at Golden Triangle

### Core Data

**Business Information:**
- **Business start date:** 01/30/2019
- **Fiscal year end close date:** 12/31
- **Company Division Name:** Churchill Senior Communities, L.P.
- **Company Division Number:**
- **Corporate URL:** www.churchillresidential.com
- **Congressional District:** TX 24
- **Registration Date:** 01/30/2019
- **Activation Date:** N/A
- **Expiration Date:** 01/30/2020
- **Renewal Date:**
- **MPIN:** *****ill2

**Physical Address:**
- **Address line 1:** 5605 N MacArthur Blvd #580
- **City:** Irving
- **State:** TX
- **ZIP/ Postal Code:** 75038 - 2694
- **Country:** UNITED STATES

**Mailing Address:**
- **Address line 1:** 5605 N Macarthur Blvd Ste 580
- **City:** Irving
- **State:** TX
- **ZIP/ Postal Code:** 75038 -
- **Country:** UNITED STATES

**Sensitive Information:**
- **EIN:** *****8792

**IRS Consent:**
- **Tax payer name:** Churchill Senior Communities LP
- **Address Line 1:** 5605 N Macarthur Blvd Ste 580
- **City:** Irving
- **State:** TX
- **Country:** UNITED STATES
- **Zip/Postal Code:** 75038 -
- **Type of Tax:** Applicable Federal Tax
- **Tax Year (Most Recent Tax Year):** 2018
- **Name of individual executing consent:** Bradley Forslund
- **Title of the individual executing consent:** Manager
- **Signature:** Bradley Forslund
- **TIN Consent Date:** 01/30/2019

**CAGE/NCAGE Code:**

**General Information**
- **Country of Incorporation:** UNITED STATES
- **State of Incorporation:** TX
- **Company Security Level:**
- **Highest Employee Security Level:**

**Business Types:**
- Partnership or Limited Liability Partnership
- Business or Organization
- Mailing Address
- Account Details: TEXAS CAPITAL BANK - Checking

**Financial Information**
- **Do you accept credit cards as a method of payment?** No.
- **Department Code:**
- **CAGE Code:**

Entity Details PDF report generated from www.sam.gov Friday 01 February 2019 8:36 AM
**Executive Compensation Questions**

In your business or organization's preceding completed fiscal year, did your business or organization (the legal entity to which this specific SAM record, represented by a DUNS number, belongs) receive both of the following: 1. 80 percent or more of your annual gross revenues in U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements; and 2. $25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

No

Does the public have access to information about the compensation of the senior executives in your business or organization (the legal entity to which this specific SAM record, represented by a DUNS number, belongs) through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

No

**Proceedings Questions**

Is your business or organization, as represented by the DUNS number on this specific SAM record, have current active Federal contracts and/or grants with total value (including any exercised/unexercised options) greater than $10,000,000?

N

Within the last five years, had the business or organization (represented by the DUNS number on this specific SAM record) and/or any of its principals, in connection with the award to or performance by the business or organization of a Federal contract or grant, been the subject of a Federal or State (1) criminal proceeding resulting in a conviction or other acknowledgment of fault; (2) civil proceeding resulting in a finding of fault with a monetary fine, penalty, reimbursement, restitution, and/or damages greater than $5,000, or other acknowledgment of fault; and/or (3) administrative proceeding resulting in a finding of fault with either a monetary fine or penalty greater than $5,000 or reimbursement, restitution, or damages greater than $100,000, or other acknowledgment of fault?

Yes

**SAM Search Authorization**

I authorize my entity's non-sensitive information to be displayed in SAM public search results: Yes.

**Assertions**

**NAICS Codes Selected**

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Primary</th>
<th>Description</th>
</tr>
</thead>
</table>

**Product & Service Codes Selected**

<table>
<thead>
<tr>
<th>PSC</th>
<th>Description</th>
</tr>
</thead>
</table>

**Size metrics:**

World Wide:
- Total Receipts (3 year average):
- Average Number of Employees (12 Month Average):

Location (Optional):
- Annual Receipts (3 Year Average):
- Annual Receipts (3 Year Average):
EDI Information:
Do you wish to enter EDI Information for your non-government entity?: No

Disaster Response Information:

Point of Contacts:

### Mandatory Point of Contact:

- **Accounts Receivable POC**
  - **Title:** Director Accounts Receivable
  - **First Name:** Michelle
  - **Last Name:** Bless
  - **Email:** mbless@cri.bz
  - **US Phone:** (972)550-7800
  - **Extension:** 227

- **Electronic Business POC**
  - **Title:** Manager
  - **First Name:** Brad
  - **Middle Name:** Forslund
  - **Last Name:** Forslund
  - **Email:** bforslund@cri.bz
  - **US Phone:** (972)550-7800
  - **Extension:** 222

---

- **Government Business POC**
  - **Title:** Manager
  - **First Name:** Brad
  - **Middle Name:** Forslund
  - **Last Name:** Forslund
  - **Email:** bforslund@cri.bz
  - **US Phone:** (972)550-7800
  - **Extension:** 222

Address:
- **Address Line 1:** 5605 N Macarthur Blvd Ste 580
- **City:** Irving
- **State/Province:** TX
- **Country:** UNITED STATES
- **ZIP/Postal Code:** 75038
### Instructions:

Complete Part I of this form. For each person or entity in Part I that answers "Yes" to Part I b., a Part II form must be submitted (i.e. if 4 persons/entities answer "Yes" to Part I b., then 4 separate Part II forms must be provided).

### Part I: Applicant Credit Limit Documentation

<table>
<thead>
<tr>
<th>Person/Entity</th>
<th>b. Person/entity has at least one other application in the current Application Round.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Churchill at Golden Triangle Community, L.P.</td>
<td>No</td>
</tr>
<tr>
<td>2. Churchill Golden Triangle GP, LLC</td>
<td>No</td>
</tr>
<tr>
<td>3. Churchill Senior Residential, LLC</td>
<td>No</td>
</tr>
<tr>
<td>4. Bradley E. Forslund, Sole Member/Manager</td>
<td>No</td>
</tr>
<tr>
<td>5. Churchill Senior Communities, L.P.</td>
<td>No</td>
</tr>
<tr>
<td>6. Bradley E. Forslund, Sole Trustee</td>
<td>No</td>
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<tr>
<td>7. J. Anthony Sisk, Sole Trustee</td>
<td>No</td>
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<tr>
<td>8. Bradley E. Forslund, Inheritor’s Trust</td>
<td>No</td>
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<tr>
<td>9. Tina M. Forslund, Inheritor's Trust</td>
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<td>10. J. Anthony Sisk, Inheritor’s Trust</td>
<td>No</td>
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<tr>
<td>11. L. Catherine Sisk, Inheritor’s Trust</td>
<td>No</td>
</tr>
<tr>
<td>12. LifeNet Community Behavioral Healthcare</td>
<td>No</td>
</tr>
<tr>
<td>13. Gary Keep, President</td>
<td>No</td>
</tr>
<tr>
<td>14. Melissa Lewis, Secretary</td>
<td>No</td>
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<tr>
<td>15. Cary Fitzgerald, Board Member</td>
<td>No</td>
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<tr>
<td>16. Vernon Hunt, Board Member</td>
<td>No</td>
</tr>
<tr>
<td>17. Ikenna Mogbo, Board Member</td>
<td>No</td>
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<tr>
<td>18. Richard Buckley, Board Member</td>
<td>No</td>
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<td>19.</td>
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<td>29.</td>
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<td>30.</td>
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</tbody>
</table>

Individually, or as the General Partner(s) or officer(s) of the Applicant entity, I (we) certify that we are submitting behind this tab one signed Credit Limit Certification form for each person and/or entity that answered “Yes” to Part I b. above.

By: [Signature of Applicant]  
February, 2019  
Sole Member of the General Partner
Applicant Credit Limit Documentation and Certification (Competitive HTC Only)

Pursuant to §11.4(a) of the Qualified Allocation Plan, the Department shall not allocate more than $3 million of Competitive Housing Tax Credits from the current Application Round to any Applicant, Developer, Affiliate or Guarantor (unless the Guarantor is also the General Contractor, and is not a Principal of the Applicant, Developer, or Affiliate of the Development Owner). All Applications must be identified herein to ensure that the Department is advised of all Applications, Applicants, Affiliates, Developers, General Partners or Guarantors involved to avoid any statutory violation of Texas Government Code, §2306.6711(b).

Instructions:
Complete Part I of this form. For each person or entity in Part I that answers "Yes" to Part I b., a Part II form must be submitted (i.e. if 4 persons/entities answer "Yes" to Part I b., then 4 separate Part II forms must be provided).

Part I. Applicant Credit Limit Documentation

<table>
<thead>
<tr>
<th></th>
<th>Applicant, Developers, Affiliates, and Guarantors - List below all entities or Persons meeting the definition of Applicant, Affiliate, Developer or Guarantor.</th>
<th>b. Person/entity has at least one other application in the current Application Round.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>No</td>
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Individually, or as the General Partner(s) of officer(s) of the Applicant entity, I (we) certify that we are submitting behind this tab one signed Credit Limit Certification form for each person and/or entity that answered "Yes" to Part b. above.

### Community Input Scoring Items

<table>
<thead>
<tr>
<th>TDHCA#: 19009</th>
</tr>
</thead>
</table>

1. **Local Government Support - §11.9(d)(1)** - Only check the box if support documents are included in the Application.

- [X] Resolution(s) of either "no objection" or "support" is included behind this tab.**
  - **City of Fort Worth**
  - Name of Local Government Body
  - Name of Local Government Body (if applicable)

  ** Note that resolutions are due March 1, 2019

2. **Quantifiable Community Participation - §11.9(d)(4)**

- [n/a] Application expects to receive QCP points.

  ** Note that QCP Packets are due March 1, 2019 and MAY NOT be submitted by the Applicant. Packets MUST be received from Neighborhood Organization!

3. **Community Support from State Representative - §11.9(d)(5)**

- [X] Application expects to receive points for a letter from a Representative.

  - Letter of either "support" or "opposition" is included behind this tab.**

  ** Note that letters are due March 1, 2019

4. **Input from Community Organizations - §11.9(d)(6)**

- [X] Applicant has included one or more letters of support or opposition behind this tab.

  List information for each of the letters below:

  A. **Meals on Wheels of Tarrant County**
     - Name of Community Organization
     - **Steve Cook**
     - Contact Name
     - **Support**
     - [ ] Opposition

  B. **Apartment Association of Tarrant County**
     - Name of Community Organization
     - **Shelia Wiggins**
     - Contact Name
     - **Support**
     - [ ] Opposition

  C. **EasterSeals of North Texas**
     - Name of Community Organization
     - **Dorothy Dempsey**
     - Contact Name
     - **Support**
     - [ ] Opposition

  D. **Apartment Life**
     - Name of Community Organization
     - **Stephanie Edgar**
     - Contact Name
     - **Support**
     - [ ] Opposition

  E. ****
     - Name of Community Organization
     - Contact Name
     - [ ] Support
     - [ ] Opposition

  F. ****
     - Name of Community Organization
     - Contact Name
     - [ ] Support
     - [ ] Opposition

** Application expects to receive QCP points.

** Note that QCP Packets are due March 1, 2019 and MAY NOT be submitted by the Applicant. Packets MUST be received from Neighborhood Organization!
A Resolution

NO. 5054-02-2019

SUPPORTING A HOUSING TAX CREDIT APPLICATION FOR CHURCHILL AT GOLDEN TRIANGLE COMMUNITY AND COMMITTING DEVELOPMENT FUNDING

WHEREAS, the City’s 2018 Comprehensive Plan is supportive of the preservation, improvement, and development of quality, affordable, accessible housing;

WHEREAS, the City’s 2018-2022 Consolidated Plan makes the development of quality, affordable, accessible rental housing units for low income residents of the City a high priority;

WHEREAS, Churchill at Golden Triangle Community, L.P., an affiliate of Churchill Senior Residential, LLC, has proposed a development for affordable rental housing named Churchill at Golden Triangle Community to be located in the 11000 block of Metroport Way;

WHEREAS, Churchill at Golden Triangle Community, L.P. has advised the City that it intends to submit an application to the Texas Department of Housing and Community Affairs ("TDHCA") for 2019 Competitive (9%) Housing Tax Credits for the Churchill at Golden Triangle Community apartments, a new complex consisting of approximately 100 units, of which at least five percent (5%) of the total units will be Permanent Supportive Housing units and at least ten percent (10%) of the total units will be market rate units;

WHEREAS, TDHCA’s 2019 Qualified Allocation Plan ("QAP") provides that an application for Housing Tax Credits may receive seventeen (17) points for a resolution of support from the governing body of the jurisdiction in which the proposed development site is located; and

WHEREAS, the QAP also states that an application may receive one (1) point for a commitment of development funding from the city in which the proposed development site is located.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:

The City of Fort Worth, acting through its City Council, hereby confirms that it supports the application of Churchill at Golden Triangle Community, L.P. to the Texas Department of Housing and Community Affairs for 2019 Competitive (9%) Housing Tax Credits for the purpose of the development of the Churchill at Golden Triangle Community apartments to be located in the 11000 block of Metroport Way (TDHCA Application No. 19009), and that this formal action has been taken to put on record the opinion expressed by the City Council of the City of Fort Worth.

The City of Fort Worth, acting through its City Council, additionally confirms that it will commit to fee waivers in an amount not to exceed $2,500.00 to Churchill at Golden Triangle Community, L.P. conditioned upon its receipt of Housing Tax Credits. The City Council also finds that the waiver of such
Resolution No. 5054-02-2019

fees serves the public purpose of providing quality, accessible, affordable housing to low and moderate income households in accordance with the City’s Comprehensive Plan and Action Plan, and that adequate controls are in place through the City’s Neighborhood Services Department to carry out such public purpose.

The City of Fort Worth, acting through its City Council, further confirms that the City has not first received any funding for this purpose from the applicant, affiliates of the applicant, consultant, general contractor or guarantor of the proposed development or any party associated in any way with the applicant, Churchill at Golden Triangle Community, L.P.

Adopted this 12th day of February 2019.

ATTEST:
By: Mary J. Kayser, City Secretary

CITY OF FORT WORTH
TEXAS
Mayor and Council Communication


DATE: Tuesday, February 12, 2019 REFERENCE NO.: G-19489

LOG NAME: 192019_RESOLUTIONS_9PERCENT_HTC

SUBJECT:
Consider and Adopt Resolutions of Support and Resolutions of No Objection for 2019 Competitive Housing Tax Credit Applications, Approve Commitments of Development Funding, Determine which Developments Contribute more than Any Other to the City's Concerted Revitalization Efforts, and make Related Determinations (COUNCIL DISTRICTS 4, 6, 7, 8 and 9)

RECOMMENDATION:
It is recommended that the City Council:

1. Acknowledge the receipt of requests for City support for applications to the Texas Department of Housing and Community Affairs for 2019 Competitive (9%) Housing Tax Credits from various developers;

2. Consider and adopt the attached Resolutions of Support and Resolutions of No Objection for 2019 applications for Competitive (9%) Housing Tax Credits for the proposed multifamily housing developments listed below to be located at various sites throughout the City;

3. Approve fee waivers in an amount not to exceed $2,500.00 for each of the developments listed below that receive a Resolution of Support as the City's commitment of development funding, find that the fee waivers for these developments serve the public purpose of providing quality, accessible, affordable housing for low to moderate income households, in accordance with the City's Comprehensive Plan and Annual Action Plan, and find that adequate controls are in place through the Neighborhood Services Department to carry out such public purpose;

4. Determine that Palladium Fain Street, Cielo Place, Sunset at Fash Place, and Avenue at Sycamore Park are the developments that contribute more than any other to the City's concerted revitalization efforts either in an Urban Village, a Neighborhood Empowerment Zone, or a distinct area within a Neighborhood Empowerment Zone with a Strategic Plan; and

5. Determine that the Columbia Renaissance Square III and Southside at Broadway developments are specifically allowed to be located in census tracts that have more than 20 percent Housing Tax Credit units per total households and that these developments are consistent with the City's obligation to affirmatively further fair housing.

DISCUSSION:

On November 13, 2018, the City Council adopted a policy for City support of applications to the Texas Department of Housing and Community Affairs (TDHCA) for Noncompetitive (4%) and Competitive (9%) Housing Tax Credits and for City commitments of development funding (M&C G-19421). On December
11, 2018, the City Council amended the policy to correct the set aside of Permanent Supportive Housing (PSH) units from ten percent to five percent of the total units in 9% tax credit projects (M&C G-19435). This year the City received eleven applications from developers requesting Resolutions of Support for proposed 9% tax credit developments in Fort Worth, but one application has been withdrawn by the developer. Staff has reviewed the applications for consistency with the City’s policy.

**Resolutions of Support:**
Staff requests that the City Council consider and adopt Resolutions of Support for the following developments as they have met the unit set aside criteria and notification requirements outlined in the City’s policy. Additionally, all of these developments are located in close proximity to jobs, retail, transit and services. None of these developments are tax exempt.

**Resolutions of Support, Local Development Funding, Concerted Revitalization Plan:**
The following developments are also recommended to receive local Commitments of Development Funding and are the ones that contribute more than any other to the City’s Concerted Revitalization Plans:

- **Palladium Fain Street** to be developed by Palladium Fain Street, Ltd., an affiliate of Palladium USA International, Inc. to be located at 4001 Fain Street (Council District 4). The site for the proposed development is zoned "PD" - Planned Development for all uses in "D" High Density Multifamily.

- **Cielo Place** to be developed by Cielo Place, LLC, an affiliate of Saigebrook Development, LLC and O-SDA Industries, LLC, to be located at 3101 Race Street (Council District 9). The site for the proposed development is zoned "MU-1" - Low Intensity Mixed-Use and "CF" - Community Facilities. Developer is currently working with City to determine if a zoning change is required.

- **Sunset at Fash Place** to be developed by Sunset at Fash Place, LLC, an affiliate of Saigebrook Development, LLC and O-SDA Industries, LLC, to be located at 2504 Oakland Boulevard (Council District 8). The site for the proposed development is zoned "CF" - Community Facilities and "A-10" - One Family, proposed to be changed to "PD" - Planned Development.

- **Avenue at Sycamore Park** to be developed by GFH Avenue at Sycamore Park, Ltd., an affiliate of Ground Floor Affordable Housing, LLC, to be located at 2601 Avenue J (Council District 8). The site for the proposed development is zoned "UR" - Urban Residential. The proposed development will not be tax exempt.

**Resolution of Support and Local Development Funding:**
The following developments are also recommended to receive local Commitments of Development Funding:

- **Churchill at Golden Triangle Community** to be developed by Churchill at Golden Triangle Community, L.P., an affiliate of Churchill Senior Residential, LLC, to be located in the 11000 block of Metroport Way (Council District 7). The site for the proposed development is zoned "PD" - Planned Development for all uses in "D" High Density Multifamily.

- **Everly Plaza** to be developed by Everly Plaza, LLC, an affiliate of Saigebrook Development, LLC and O-SDA Industries, LLC, to be located at 1801 8th Avenue (Council District 9). The site for the proposed development is zoned "NS" - Near Southside.

**Resolutions of No Objection:**
Staff recommends that the City Council consider and adopt Resolutions of No Objection for the following developments as they have met the unit set aside criteria and notification requirements outlined in the policy. None of these developments are tax exempt.
**Residences at Fairmount** to be developed by NDG Fairmount Housing Partners, LTD, an affiliate of The Nu Rock Companies, to be located at 2260 Hemphill Street (Council District 9). The site for the proposed development is zoned "E" – Neighborhood Commercial, proposed to be changed to "UR" – Urban Residential.

**Reserve at Risinger** to be developed by Reserve at Risinger LLC, an affiliate of MVAH Partners LLC, to be located at the southwest corner of Risinger Road and McCart Ave (Council District 6). The site for the proposed development is zoned "C" – Medium Density Multifamily.

**Columbia Renaissance Square III** to be developed by Columbia Renaissance Square III, LP, an affiliate of New Columbia Residential, LLC, to be located at 2829 Moresby Street (Council District 8). The site for the proposed development is zoned "PD" – Planned Development.

**Southside at Broadway** to be developed by FW Southside at Broadway Housing, LP, an affiliate of OM Housing, LLC, to be located at 301 South Freeway (Council District 8). The site for the proposed development is zoned "NS" – Near Southside.

**Commitment of Development Funding:**
The policy allows a local commitment of development funding at City Council discretion. This commitment of development funding qualifies tax credit applicants for an additional point and increases the competitiveness of their applications to TDHCA. Staff requests that City Council approve commitments of development funding in the form of fee waivers in an amount not to exceed $2,500.00 for each development recommended for a Resolution of Support. The fee waiver amount may be applied to:
- Building permit related fees (including Plans Review, Inspections and Re-inspection Fees);
- Plat/Replat Application Fees;
- Board of Adjustment Application Fees;
- Demolition Fees;
- Structure Moving Fees;
- Zoning Fees;
- Street/Alley and Utility Easement Vacation Application Fees;
- Temporary Encroachment Fees;
- Consent/Encroachment Agreement Application Fees;
- Urban Forestry Application Fees;
- Sign Permit Fees;
- Community Facilities Agreement (CFA) Application Fees; and
- Street Closure Fees.

Fee waivers will be conditioned upon the development receiving an award of tax credits from TDHCA. The City's Neighborhood Services Department will be responsible for verifying that the public purpose for the fee waivers is carried out.

**Concerted Revitalization Plan:**
TDHCA rules state that an application may receive additional points if the proposed development is identified in a resolution as contributing more than any other development to a city or county’s concerted revitalization efforts. The City has created Urban Villages to help promote central city revitalization. They are districts which are more compact, contain a greater mix of land uses, and give greater emphasis to pedestrian and transit access. The City’s Neighborhood Empowerment Zones (NEZs) were created to promote affordable housing and economic development in the designated zone. Four NEZs have adopted Strategic Plans for certain distinct areas located in the larger NEZ to guide the rebuilding neighborhoods with compatible quality infill housing and appropriate mixed use development in commercial areas. On January 29, 2019 the City Council amended the City’s NEZ program and policies and consolidated 20 NEZ areas into six (M&Cs G-19467, G-19468 and G-19469). All of the City’s Urban Villages and NEZs are included in the City’s annual Comprehensive Plan as part of its goal of revitalizing central city neighborhoods and commercial districts (2018 Comprehensive Plan, Part II, Chapter 5: Housing, and Part III, Chapter 10: Economic Development).

The Palladium Fain Street, Cielo Place, Sunset at Fash Place, and Avenue at Sycamore Park developments are located either in Urban Villages created by City Council in 2002, a NEZ created by City Council in 2019, or a distinct area within a NEZ with a Strategic Plan. Staff determined that these developments will significantly contribute to the City’s ongoing revitalization efforts in each of the Urban Villages and NEZs in which they will be located since the recommended developments are new affordable
housing for households earning at or below 80 per cent of Area Median Income. In addition, the increased density of this new housing will support the new retail, office and other housing development located or being developed in each Urban Village and NEZ. Staff recommends that the City Council adopt the attached Resolutions determining that the Palladium Fain Street, Cielo Place, Sunset at Fash Place, and Avenue at Sycamore Park developments contribute more than any other developments to the City's concerted revitalization efforts underway in the Urban Villages and NEZs in which they are located.

**Limitations on Developments in Certain Census Tracts:**
TDHCA rules state that if a proposed development will be located in a census tract with more than 20 percent Housing Tax Credit units per total households as established by the five year American Community Survey, it will be ineligible for tax credits unless the governing body of the jurisdiction votes to specifically allow the development, and also submits a Resolution to TDHCA stating that the proposed development is consistent with the jurisdiction's federal obligation to affirmatively further fair housing.

The Columbia Renaissance Square III and Southside at Broadway developments will be located in census tracts in which more than 20 percent of the total households are Housing Tax Credit units. Staff recommends that City Council vote to specifically allow these developments, and approve the additional finding in the attached Resolutions that they are consistent with the City's obligation to affirmatively further fair housing.

These proposed developments are subject to all applicable City laws, ordinances, policies and procedures including those pertaining to zoning changes and annexation. Councilmember support for purposes of approving these Resolutions does not constitute approval of any required zoning change or annexation.

The proposed developments are located in COUNCIL DISTRICTS 4, 6, 7, 8 and 9.

This M&C does not request approval of a contract with a business entity.

**FISCAL INFORMATION / CERTIFICATION:**
The Director of Finance certifies that this action will have no material effect on the City's Fiscal Year 2019 Budget. Upon approval, permitting and related fees will be waived in an amount up to $17,500.00 to assist in facilitating the goals of the City's Comprehensive Plan and Annual Action Plan.

**FUND IDENTIFIERS (FIDs):**

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<th>Account ID</th>
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<td>Activity</td>
<td>Budget Year</td>
<td>Reference # (Chartfield 2)</td>
<td>Amount</td>
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</table>

**CERTIFICATIONS:**
Submitted for City Manager's Office by: Fernando Costa (6122)
Originating Department Head: Aubrey Thagard (8187)
Additional Information Contact: Chad LaRoque (2661)
February 22, 2019

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701
Attn: Marni Holloway, Director of Multifamily Finance

Re: Support for Churchill at Golden Triangle Community, L.P., Fort Worth / TDHCA No. 19009

Dear Ms. Holloway:

I received the Public Notification for Churchill at Golden Triangle Community, L.P. (TDHCA Application #19009) located East of North Freeway and South of Timberland in the City of Fort Worth. The site is located in House District 93, which I am honored to represent. Churchill at Golden Triangle Community, L.P.'s developers have shared with me the below facts and written statements that serve as my basis for this letter of support for Churchill's Spring 2019 application to TDHCA:

1. The Fort Worth City Council issued a signed Resolution of Support for the development of Churchill at Golden Triangle Community, L.P.

2. The City of Fort Worth Housing and Neighborhood Services - as a part of their extensive formal process to obtain a Council Support Resolution - worked with Churchill to communicate with both the Villages of Woodland Springs and the North Fort Worth Alliance. Our state office contacted a currently-elected representative from both of these residential homeowners' organizations. One organization remained "neutral" - having no opposition to the development. The other organization formally supported the development - citing a great need for more workforce housing in North Fort Worth.

3. "We [Churchill] will be paying all taxes for city, county, school etc. Also, there is no city expense on infrastructure. We will be paying park and roadway fees."

4. "We [Churchill] develop high quality properties for 15+ years ownership. We manage the properties and have won #1 in the U.S. for customer satisfaction 6 years in a row."

5. "The reason we [Churchill] are working in this area of Fort Worth is because of the huge number of jobs in the Alliance corridor. Churchill has had at least 6 meetings with the folks at the Hillwood/Alliance/Texas Workforce Commission job placement office."

Based on the above facts and statements, I support this Churchill at Golden Triangle Community development.

Sincerely,

State Representative Matt Krause
January 29th, 2019

Ms. Becky Villanueva  
Churchill at Golden Triangle Community, L.P.  
c/o Churchill Senior Communities, LP  
5605 N. MacArthur Blvd., Suite 580  
Irving, Texas 75038  
972-550-7800 x 235  
bvillanueva@cri.bz  

Re: Support Letter for the proposed Churchill at Golden Triangle Community (TDHCA Application #19009) located at Approx. 11000 Metroport Way (South of Timberland Blvd.), Fort Worth, Tarrant County, TX 76177  

Dear Ms. Villanueva:  

This letter is being sent to express our support for your proposed multifamily community, Churchill at Golden Triangle. Our primary purpose is the overall improvement of older adults and persons with disabilities and other homebound persons by delivering nutritious meals and providing or coordinating needed services. We are a tax-exempt organization and we serve the area of Fort Worth, Tarrant County Texas, in which your proposed multifamily community is located.  

With Churchill at Golden Triangle being in our service area, we look forward to working with you and your residents upon completion and occupancy.  

If you have any questions, please feel free to contact me.  

Sincerely,  

Steven R. Cook, D.Min.  
Vice President of Client Services  
817-336-0912 (main office)  
817-258-6401 (personal line)  
817-338-1066 (fax)  
Email: steve@mealsonwheels.org  
Website: www.mealsonwheels.org
In reply refer to: 0248219411
Mar. 20, 2014 LTR 4168C 0
75-1568798 000000 00
0025282
BODC: TE

MEALS-ON-WHEELS INC OF TARRANT
320 SOUTH FWY
FORT WORTH TX 76104

013634

Employer Identification Number: 75-1568798
Person to Contact: Laura A. Botkin
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Mar. 11, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in October 1978.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.
MEALS-ON-WHEELS INC OF TARRANT
320 SOUTH FWY
FORT WORTH TX 76104

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Susan M. O'Neill, Department Mgr.
Accounts Management Operations
Exemption Verification Letter

Texas Comptroller of Public Accounts
Austin, TX 78774

February 12, 2019

MEALS-ON-WHEELS, INC. OF TARRANT COUNTY
5740 AIRPORT FWY
FORT WORTH, TX 76117-6005

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

- Franchise tax, as of 09-22-1977
- Sales and use tax, as of 11-16-1989
  (provide Texas sales and use tax exemption certificate Form 01-339 (Back) to vendor)
- The entity is not exempt from hotel occupancy tax.

Texas taxpayer identification number: 17515687980

This exemption verification is not a substitute for the completed exemption certificates that are required when claiming exemption from Texas taxes. Vendors should be familiar with the requirements for accepting the certificates in good faith from their customers.

This exemption verification does not mean that the organization holds a permit for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication Exempt Organizations: Sales and Purchases (96-122). Online registration is available.

For information concerning sales taxpayer permit status, please use the vendor search we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from Business and Nonprofit Forms page of the Secretary of State's website. Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the Foreign or Out-of-State Entities page on the Secretary of State's website.

Our publications and other helpful information are available on our website. If you need more information, write to us at exempt.orgs@cpa.texas.gov, or call us at 800-252-5555.
## MEALS-ON-WHEELS, INC. OF TARRANT COUNTY

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<th><strong>Texas Taxpayer Number</strong></th>
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<tr>
<td><strong>Right to Transact Business in Texas</strong></td>
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<tr>
<td><strong>Texas SOS File Number</strong></td>
<td>0041568301</td>
</tr>
<tr>
<td><strong>Registered Agent Name</strong></td>
<td>CARLA JUTSON</td>
</tr>
<tr>
<td><strong>Registered Office Street Address</strong></td>
<td>5740 AIRPORT FWY FORT WORTH, TX 76117</td>
</tr>
</tbody>
</table>
Administration

Carla Jutson  [pic]
President & CEO
817-336-0912

Barbara Lundgren  [pic]
Senior VP of Marketing & Development
817-258-6405

Twyla Allison  [pic]
VP of Finance & Operations
817-258-6429

Denise Blevins  [pic]
VP of Nutrition & Health Programs
817-258-6476

Steven Cook  [pic]
VP of Client Services
817-258-6401

Sarah Drew-Watson  [pic]
VP of Volunteer Services
817-258-6426

Phil Sanchez  [pic]
VP of Facilities, Equipment, & Technology
817-258-6435
Meals On Wheels, Inc. of Tarrant County is a 501(c)(3) not-for-profit charitable organization that started in 1973 as a collaboration between 11 faith-based organizations in downtown Fort Worth to bring food to the elderly in the central city area. Over the years, we have grown and now serve all of Tarrant County, providing approximately 1 million meals each year to some of Tarrant County's most frail citizens. By providing home-delivered meals, professional case management, and other needed items or services to our homebound, elderly and disabled clients, we enable them to remain living independently in their own homes, surrounded by a lifetime of memories.

Most of our clients have lived in the same home for many years. This home is where they feel safe and comfortable. Due to illness or the blessing of many birthdays, the majority of our clients can no longer remain at home without assistance. Without our help, many of our clients would be forced into nursing homes or other care facilities. Our goal is to keep our clients in their homes – where they want to be – for as long as possible.
Some people may be recovering from a hospital stay or illness and will only be on the program for a short period of time. Others have a long-term need and may receive home-delivered meals on an ongoing basis.

In an independent study of hunger among the elderly in the United States, Texas ranked fourth highest in the number of seniors going to bed hungry. We can deliver meals to one homebound person for an entire year at a cost lower than one day in a hospital or six days in a nursing home. Plus, through our Home-Delivered Meals program, we save money for taxpayers, who subsidize the cost of nursing home care for those who cannot afford it. Another study by the Center for Effective Government found that every dollar invested in Meals On Wheels saves up to $50 in Medicaid spending.

Meals are delivered by over 5,000 caring volunteers who freely give of their time and personal resources to ensure that our clients receive a nutritious meal. These caring individuals do more than just provide a meal and a friendly home visit. They are trained to contact our office if a client does not answer the door. This daily safety check gives many of our clients and their families an added peace of mind.

**Mission Statement**

*To promote the dignity and independence of older adults, persons with disabilities, and other homebound persons by delivering nutritious meals and providing or coordinating needed services.*

**Our History**

From humble beginnings to a benchmark program that now serves approximately 1 million meals per year, Meals On Wheels of Tarrant County is an immense source of pride for the citizens of Tarrant County. Despite our tremendous growth, our commitment to helping the homebound, elderly and disabled residents of Tarrant County remain in their own homes will never change.
In 1972, representatives from 11 downtown Fort Worth faith-based organizations met to discuss hunger in the central city. These organizations included Broadway Baptist, Central Baptist, Greater St. James Baptist, Mt. Gilead Baptist, First Christian, First United Methodist, First Presbyterian, Gethsemane Presbyterian, St. Andrew's Episcopal, St. Patrick's Cathedral, and Temple Beth-El. From this meeting, the Association of Central City Ministries (ACCM) was formed. Its first concern was providing meals to the elderly. ACCM made the commitment to bring food to the elderly in the central city area and on May 15, 1973, Meals On Wheels of Tarrant County was begun using all volunteer help. On that day, 25 people were fed. Meals On Wheels of Tarrant County owes a debt of gratitude to the members of ACCM and the many volunteers from these organizations who worked so diligently to make it a success. These wonderful faith-based organizations continue to support Meals On Wheels as we serve those in need within our community.

In 1989, Meals On Wheels of Tarrant County turned to the community to ask for help to fund a central kitchen. Rapidly escalating costs from food service companies as well as limited control of the final product compelled us to seek our own meal-preparation facility. Within eight months, an existing building was purchased and renovated into both the central kitchen and administrative offices. Although the building was expanded a number of times over the years, in 2010, the Board of Directors decided the best course of action was to construct a new meal-production facility that could meet the ever-increasing demand for services.

In January 2015, we embarked on an exciting new chapter in the history of Meals On Wheels as we broke ground on a new 62,000-square-foot meal production and distribution facility. We relocated to the new facility in March 2016. The current building, located at 5740 Airport Freeway in Haltom City, now houses the central kitchen, volunteer training center, nutrition intern project center, storage and distribution center, meeting space, and administrative offices.

This new facility will enable Meals On Wheels to meet the current demand for 1 million meals per year as well as the tremendous growth expected as Baby Boomers enter retirement. Much has changed since 1972; however, the original commitment to serve elderly and disabled
people will never change. With your assistance, we are helping this frail segment of our community to remain living at home by providing meals, needed services, and a caring smile.

Client Demographics

- Median age: 74.7 years
- 84% of clients are over the age of 60
- 64% of clients are female
- Median client monthly income: $1,000
- Meals served to minority clients: 36%
- Average length of time a client remains on the Home-Delivered Meals program: 11 months
Communities Served

Meals On Wheels, Inc. of Tarrant County serves residents living anywhere within Tarrant County. If the person needing meals lives outside Tarrant County, Texas, you can search the complete list of Meals On Wheels programs to locate the appropriate meal-delivery program in their area.

This map shows the cities, towns, or incorporated areas in Tarrant County that we serve, and the number of clients and meals we served in each city in fiscal year 2017. We also serve unincorporated areas of the county.

View A Complete List of Our Meal Distribution Sites
I Need Meals / Refer Someone

This Meals On Wheels agency serves only people living in Tarrant County, Texas.

Please refer to the list of the cities and towns where we deliver. If the person needing meals lives outside Tarrant County, Texas, visit the Meals On Wheels Association of America website to find the appropriate meal-delivery program in your area. Meals On Wheels, Inc. of Tarrant County is an independent charitable organization, serving only people who live in the Greater Fort Worth, Texas region.

Eligibility Requirements

Services are available to those who are homebound for any length of time, are physically or mentally unable to prepare nutritious meals for themselves, and have no one to help them on a regular basis. These problems affect people of all ages and socio-economic backgrounds. Consequently, there are no age or income restrictions and no one is ever approved or denied services based on their ability to make a voluntary contribution toward the cost of their meals.

Make A Referral

Fields marked with a * are required.

Please start by giving us some information about you (the person making the referral) so that we can contact you about this potential
January 24, 2019

Ms. Becky Villanueva
Churchill at Golden Triangle Community, L.P.
c/o Churchill Senior Communities, LP
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
972-550-7800 x 235
bvillanueva@cri.bz

Re: Support Letter for the proposed Churchill at Golden Triangle Community
(TDHCA Application #19009) located at Approx. 11000 Metroport Way (South
of Timberland Blvd.), Fort Worth, Tarrant County, TX 76177

Dear Ms. Villanueva:

This letter is being sent to express our support for your proposed multifamily community,
Churchill at Golden Triangle. Our primary purpose is focused on making a difference in
people’s lives by getting behind wonderful organizations in an effort to make a difference
by the overall improvement in our communities. We are a tax-exempt organization and
we serve the area of Fort Worth, Tarrant County Texas, in which your proposed
multifamily community is located.

With Churchill at Golden Triangle being in our service area and we look forward to
working with you and your residents upon completion and occupancy.

If you have any questions, please feel free to contact me.

Sincerely,

Sheila Wiggin
Chief Financial Officer
swiggin@aatcnet.org
(817) 616-0353
Exemption Verification Letter

Texas Comptroller of Public Accounts
Austin, TX 78774

January 29, 2019

APARTMENT ASSOCIATION OF TARRANT COUNTY, INC.
6350 BAKER BLVD
RICHLAND HLS, TX 76118-6291

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

- Franchise tax, as of 05-01-1974
- The entity is not exempt from hotel occupancy tax.
- Texas taxpayer identification number: 17512965348

This exemption verification is not a substitute for the completed exemption certificates that are required when claiming exemption from Texas taxes. Vendors should be familiar with the requirements for accepting the certificates in good faith from their customers.

This exemption verification does not mean that the organization holds a permit for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication Exempt Organizations: Sales and Purchases (96-122). Online registration is available.

For information concerning sales taxpayer permit status, please use the vendor search we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from Business and Nonprofit Forms page of the Secretary of State's website. Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the Foreign or Out-of-State Entities page on the Secretary of State's website.

Our publications and other helpful information are available on our website. If you need more information, write to us at exempt.orgs@cpa.texas.gov, or call us at 800-252-5555.
Apartment Association Of Tarrant County Inc
Richland Hills, Texas
EIN: 75-1295534
Business promotion (chamber of commerce, business league, etc.)
### FINANCIALS

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### TAX PERIOD

09/2014

**ACCOUNTING PERIOD:**

09

**INC. AMOUNT:**

$1,000,000 to $4,999,999

**FILING REQUIREMENT CODE:**

990 (for other) or 990EZ return

**PF FILINGS REQUIREMENT CODE:**

No 990-PF return

**FORM 990 EXPENSE AMOUNT:**

$165,007.00

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Disclaimer: While we are confident of the accuracy of the data found on this page, we encourage you to verify the information directly with IRS. The IRS has a toll-free number for this at 1-877-858-3400 or visit www.irs.gov.

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**Back to Search Results or Begin a New Search Below...**

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- EIN
- Name
- City
- State
- Zip

**Add Listing**

**For...**

> View Results

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http://501c3lookup.org/APARTMENT_ASSOCIATION_OF_TARRANT_COUNTY_INC/
APARTMENT ASSOCIATION OF TARRANT COUNTY, INC.

Texas Taxpayer Number 17512965348
Mailing Address 6350 BAKER BLVD RICHLAND HLS, TX 76118-6291
Right to Transact Business in Texas ACTIVE
State of Formation TX
Effective SOS Registration Date 07/23/1970
Texas SOS File Number 0027851701
Registered Agent Name JOHN H MITCHELL
Registered Office Street Address 6350 BAKER BLVD. FORT WORTH, TX 76118
ABOUT AATC

Staff Directory

AATC's staff is waiting to help you achieve your multifamily goals from start to finish. Contact any of our staff using the links below.

John Mitchell
Executive Director & COO
jmitchell@aawt.org (mail to jmitchell@aawt.org)
817 616 0252
- Board of Directors
- Governing Committee
- Governance
- Strategic Planning
- Joint Task Force
- Policies & Procedures
- Bylaws
- Leadership Lyceum
- TAA Directors
- TAA Delegates

Gregory Ann Gaidelick
Director of Education
ggaidelick@aawt.org
817 616 0396
- Education Committee
- Leadership Conference

Shella Wigg
Executive Manager & CFO
swigg@aawt.org (mail to swigg@aawt.org)
817 616 0253
Call 817 632 1265
- Accounting
- Budget Committee
- Membership Committee
- Scholarship Foundation
- The Divas Cup
- Human Resources
- Personnel/Policies & Procedures
- Lone Star Awards, leadership Celebration
- Care Team

Ed Miller
Director of Communications
edmiller@aawt.org (mail to edmiller@aawt.org)
817 616 0291
Cell 817 992 1445
- Communications Committee
- Dimensions
- AATC.net
- Products & Services Council
- Trade Show
- Information Technologies

Aleksandra Brown
Education Coordinator
abrown@aawt.org (mail to abrown@aawt.org)
817 616 0396
- Membership Development
- Advertising & Sponsorship Sales
- AATC Job Board
- Social/Media Resources

Danny Merrill
Office Manager
dmerrill@aawt.org (mail to dmerrill@aawt.org)
817 616 0257
Call 972 672 4357
- Accounting

Lauren St. Clair
Membership Coordinator
lclair@aawt.org (mail to lclair@aawt.org)
817 616 0250
- Membership Retention
- TAA Forms

Ann Williams
Director of Special Events
awilliams@aawt.org (mail to awilliams@aawt.org)
817 616 0393
- Lone Star Awards
- Downtown Topknot Dinner
- Golf Committee
- Monster Mash
- Spring Golf Tournament
- Community Service Committee
- Top Dog & Christmas Party
- Bowling Tournament
- Maintenance Matters

Perry Pillow
Director of Government Affairs
ppillow@aawt.org (mail to ppillow@aawt.org)
817 616 0254
Call 817 701 6363
- Government Affairs Committee
- Political Action Committee
- The Business Exchange
- State of the Industry Luncheon
- Independent Rental Owners
One of the best ways for association members to realize a significant return on membership investment is by serving on one of our committees. You’ll meet new people, make new friends and develop valuable new business relationships. Many of our volunteer-driven committees are open to members with time to give and a passion for serving. From membership to education and community service to communications, we have a wide variety of service opportunities waiting for you.

All you need to do to get involved is scroll down to the bottom of this page, check the available committee that interests you most and click submit. Your selection goes directly to the staff director responsible for each committee...and that’s when it’s our job to reach out to you. We begin forming our committees from scratch every October, so roll up your sleeves and sign up—we look forward to working with you!

2018-2019 AATC Committees

Budget
Committee Chair – Jason Busboom, Busboom Group; Sheila Wiggan (mailto:swiggan@aatcnet.org), Staff Director
Our budget committee includes our executive officers who develop AATCs 2019 budget and manage the association’s fiscal assets in a responsible, open and accurate manner.

The Business Exchange
Committee Chair – Ian Mattingly, LumaCorp; Perry Pillow (mailto:pillow@aatcnet.org), Staff Director
Plan, market, manage and host the association’s 2019 Business Exchange (https://www.aatcnet.org/business-exchange.html) event. [Sign up for this committee (http://www.aatcnet.org/committees.html#form)]

Care Team
Committee Chair – Becca Brown, BG Multifamily; Sheila Wiggan (mailto:swiggan@aatcnet.org), Staff Director
AATCs Board of Directors share major life events within the association’s leadership team; helping when possible if and where there’s a need.

Communications
Committee Chair – Laura Williams, ALN; Ed Rinn (mailto:edrinn@aatcnet.org), Staff Director
Advise the association’s leadership team with helpful marketing recommendations; most especially focused on the AATC’s Website, Social Media Initiatives (https://www.facebook.com/aatcnet), our online Membership Directory (https://www.aatcnet.org/membership-directory.html) and Dimensions Online (http://www.dimensionsmag.org/)[Sign up for this committee (http://www.aatcnet.org/committees.html#form)]

Community Service (Toy Drive & Bowling Tournament)
Committee Chair – Keith McKandie, The Liberty Group; Annie Williams (mailto:awilliams@aatcnet.org), Staff Director
The association is deeply committed to giving back to the communities where we do business. Our community service focus includes the US Marine Corps Annual Toys for Tots (https://www.aatcnet.org/christmas-party.html#campaign as well as AATC's primary community service partner – Union Gospel Mission of Fort Worth (https://www.ugm-to.org/volunteer-opportunities/).[Sign up for this committee (http://www.aatcnet.org/committees.html#form)]

2019 Cowtown Epicurean Dinner
Committee Co-chairs – Anthony Wanderly, Olympus & Mike Follis, Apartments.com;
Annie Williams (mailto:awilliams@aatcnet.org), Staff Director
The annual Epicurean Dinner provides a unique opportunity for association members to mix and mingle over a great meal while raising much needed funds to support AATC's highly important political action committee contributions.

The Divas Cup
Committee Chair – Cindy Sanginas, Westdale; Sheila Wiggan (mailto:swiggan@aatcnet.org), Staff Director
The always popular Divas Cup (https://www.aatcnet.org/divas-cup.html), our fun ladies golf tournament develops additional funds to help support the association's education initiatives including credential program scholarship and keynote speaker expenses.

Education
Committee Co-chairs – Anita Hard, Face & Amy Alvarez, MFI;
Gregory Ann Goldrick (mailto:ggoldrick@aatcnet.org), Staff Director
AATC's education programs (https://www.aatcnet.org/coming-courses.html) are designed to teach as well as inspire. From professional credentials to quick take-aways, we're always working to push our members to be the best of the best in the multifamily business. [Sign up for this committee (http://www.aatcnet.org/committees.html#form)]

Education Foundation
Foundation Chair – Jason Busboom, Busboom Group; Gregory Ann Goldrick (mailto:ggoldrick@aatcnet.org), Staff Director
AATC's foundation trustees use net-proceeds from our annual Divas Cup (https://www.aatcnet.org/divas-cup.html) to provide important credential program scholarships as well as funds to pay for keynote speaker expenses.

Golf (Monster Mash & Spring Fling Golf Tournament)
Committee Chair – Wesley Chapman, Green Mountain; Annie Williams (mailto:awilliams@aatcnet.org), Staff Director
Get ready to plan, market, manage and host 2 of the association’s most popular events including our annual Monster Mash at Top Golf and Spring Fling Golf Tournament. Visit our website (https://www.aatcnet.org/committees.html) for more information on how to get involved.
Government Affairs
Committee Chair – Michael Payne, Almark. Perry Pillow (mailto:pillow@aatconet.org), Staff Director
Representing our member’s advocacy interests (https://www.aatconet.org/advocate.html) when it comes to the public side of the multifamily business is one of the most important things we do. AATC remains constantly on guard, working with leaders at the municipal, county, state and national levels to insure a responsible regulatory environment.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

Homeless Housing
Committee Chair – Gayle Cono, Madera. Perry Pillow (mailto:pillow@aatconet.org), Staff Director
Our newest committee is working with public leaders in provide additional opportunity for veterans seeking a reliable place to call home.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

Independent Rental Owners
Committee Chair – Brian Deaver, Community Enrichment Center.
Perry Pillow (mailto:pillow@aatconet.org), Staff Director
AATC’s ROX (https://www.aatconet.org/independent-rental-owners.html) are an important group of smaller-volume hands-on property owners with unique management needs and interests. If you’re an ROX, you’re already on our committee.

Leadership Lyceum
Committee Chair – Darcy Blaz, Westdale. John Mitchell (mailto:jmitchel@aatconet.org), Staff Director
Leadership development is one of AATC’s most important recurring tasks. The people we choose to provide direction for tomorrow are today’s greatest assets.

2019 Lone Star Awards
Committee Chair – Patty Utley, BH, Annie Williams (mailto:awilliams@aatconet.org), Staff Director
Recognizing achievement is the cornerstone of what we do. AATC’s prestigious Lone Star Awards (https://www.aatconet.org/one-star-awards.html) is the most recognized multifamily prize in the Metroplex. Join us to plan, market, and host the best-of-the-best in the business.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

Maintenance Mania
Committee Chair – Adam Keck, Camp. Annie Williams (mailto:awilliams@aatconet.org), Staff Director
Maintenance Mania (https://www.aatconet.org/maintenance-mania.html) is our wonderful “Maintenance Olympics.” It’s that one day of the year when maintenance pros can step away from their daily routines and spend an evening with their peers and to also determine whose skills are the quickest.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

Membership
Committee Chair – Lani Grant, Impact Floors; Sheila Wiggins, Lauren St. Clair (mailto:jdclarke@aatconet.org) & Donna Merrill (mailto:dmerrill@aatconet.org), Staff Directors
We’re constantly on the prowl looking for multifamily owners, managers and service providers who can benefit from association membership.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

NextGen
Committee Chair – Gayle Cono, Madera. Annie Williams (mailto:awilliams@aatconet.org), Staff Director
Our newest adventure includes a focus on tomorrow’s generation of multifamily leaders. We’re looking for people with a passion for giving back to the industry that provides for their livelihood.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]

Products & Services
Council Chair – Jackie Coyle Rous, Ed Blinn (mailto:ebblinn@aatconet.org), Staff Director
Our amazing vendor partners (https://www.aatconet.org/products-services-council.html) provide dimension to association membership. It’s our PSC that works hard every day to make property management the best it can be. If you’re a vendor, you’re already a member of our PSC.

2019 Trade Show
Committee Chair – Becca Brown, BG Multifamily. Ed Blinn (mailto:ebblinn@aatconet.org), Staff Director
A showplace for what property management needs is the best description for AATC’s November trade show (https://www.aatconet.org/trade-show.html). Help us plan, market, manage and host one of the largest multifamily markets in the business.

[Sign up for this committee (http://www.aatconet.org/committees.html/form)]
ENGAGE WITH AATC

Community Service

It was once said, never doubt that a small group of committed people can change the world, for that’s the only thing that ever has. The Apartment Association is focused on making a difference in people’s lives.

In addition to the our long-standing relationship between two community service partnerships; *Union Gospel Mission of Fort Worth* and *US Marine Corps Toys for Tots*, we have recently added a new organization that we are proud to be a partners with—the *American Red Cross*, a shining example of community service.

Our members get behind each of these wonderful organizations in an effort to make a difference in our communities.

Current Partnerships

**THE AMERICAN RED CROSS**
We have partnered with the American Red Cross to help our industry raise awareness on topics such as Fire Safety, Water Safety & Drowning Prevention, Disaster Response, and Education.

**UNION GOSPEL MISSION – FORT WORTH**
AATC uses the net profit from our annual bowling tournament ($) to help fund most of the work we do for UGM. Over the years our initiatives have included: food drives, a wide variety of construction projects, new vehicles, furniture, toys, school backpacks, clothing and cash. In addition, many of our members take their commitment a step further by personally donating meals, providing equipment and construction materials and by helping tutor the Mission’s kids.

There are few activities that warm my heart more than serving at the Mission – Lisa Clark, AATC’s Past-President.

**TOYS FOR TOTS**
We also join hands each fall with our friends from AACG to help raise money and toys to support the US Marine Corps Toys for Tots campaign. I simply love walking into the Annual Holiday Reception and seeing thousands of toys piled up to the ceiling waiting to be delivered to kids in the DFW area who would likely wouldn’t see a single gift for Christmas if it wasn’t for the unfailing giving of our multifamily housing colleagues – Chris Lee, AATC former Community Service Chair.
AATC is a 50-year-old, not-for-profit trade association representing a highly-engaged group of business interests dedicated to providing top-notch rental homes to communities throughout a 9-county region of North Central Texas.

Our members: business owners, developers, managers, large and small companies who aim to provide exceptional products or services to over 1,800 members of the association.

Our members work hard to provide over 200,000 apartments homes to the great people of Texas.

We hope to return AWESOME value for your hard-earned membership investment!

Apartment Association of Tarrant County
6350 Baker Blvd
Fort Worth, TX 76118
Main: (817) 284-1121 | Fax: (817) 284-2054 | info@aatcnet.org
AATC Education | Course Schedule

Below, you will find a summary of upcoming courses available through AATC. All of our classes are geared specifically towards multifamily education, training, and development.

Thanks to our Sponsors!

2019 Education Sponsor

HUHEM LAW FIRM

2019 Credential Sponsor

ALN APARTMENT DATA, INC.

www.alndata.com
NAA CAPS Credential

**CLASSES START JAN 25!**

**Dates:** Jan 25 Feb 1,8,15, Review 21  
**Time:** 9-4pm  
**Price:** $1,400 Members; $1,260 STAR Subscriber; $1,600 Non-Member  
**Location:** AATC Learning Center (https://goo.gl/maps/SAS5paayYP2)

FIND OUT MORE ABOUT CAPS! (CAPS-CREDENTIAL.HTML)
HVAC Troubleshooting for Maintenance

Date: February 6th
Time: 9 to 12noon
Location: AATC Training Center
Instructor: Tonya Lambert, NATE
Price: $89; STAR Eligible

SOLD OUT!
Fair Housing for the Apartment Industry

Date: Feb 12th
Time: 9:00am - 12:00pm
Location: AATC Training Center
Instructor: Lani Grant, CAS, Impact Floors
Price: $99; STAR Eligible

I WANT TO KNOW MORE! (FAIR HOUSING FOR THE APARTMENT INDUSTRY.HTML)
Power Hour: High Velocity Sales

**Date**: Feb 20th  
**Time**: 9:00am - 10:30am  
**Location**: AATC Training Center  
**Instructor**: Cody Osterman, Milestone Management  
**Price**: $99; STAR Eligible

[**I WANT TO ATTEND!**](/breakfast-power-hour-high-velocity-sales.html)
Lunch & Law: Hoarding

Date: February 21, 2019;
Time: 12pm - 1:30pm
Location: AATC Learning Center
Instructor: Attorney Kimberly Sims
Price: AATC Members $49
NAA CAMT Credential

**CLASSES START MAR 5!**

**Dates:** March 5,6,7,8  April 2,3,4,5  
**Time:** 9:00 - 4:30p  
**Price:** $850 Members; $765 STAR Subscriber; $1,050 Non-Member  
**Location:** AATC Learning Center (https://goo.gl/maps/SASSpaayYTP2)

FIND OUT MORE ABOUT CAMT! (CAMT-CREDENTIAL.HTML)
Leading a TEAM is More Than LUCK!

Date: March 13th  
Time: 9:00am - 12:00pm  
Location: AATC Training Center  
Price: $89; Star Eligible
Pool School - Spanish

Dates: March 14
Time: 9:30 - 4:00p
Price: $99; STAR Eligible (limited)
Location: AATC Learning Center (https://goo.gl/maps/SASSpayYTP2)

SIGN ME UP FOR POOL SCHOOL! /POOL-SCHOOL.HTML
NAA NALP Credential

**CLASSES START APR 16!**

**Dates:** April 16, 17, 18 May 16  
**Time:** 9:00a - 4:30p  
**Price:** $475 Members; $430 STAR Subscriber; $550 Non-Member  
**Location:** AATC Learning Center (https://goo.gl/maps/SAS5paayYP2)

FIND OUT MORE ABOUT NALP! [NALP-CREDENTIAL.HTML]
EPA 608 Certification

**Date:** May 15th  
**Time:** 9:00am - 5:00pm  
**Location:** AATC Training Center  
**Instructor:** Kenny Block, Cottonwood Residential  
**Price:** $109

[Click here for EPA 608 Certification](#)
February 8, 2019

Ms. Becky Villanueva
Churchill at Golden Triangle Community, L.P.
c/o Churchill Senior Communities, LP
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
972-550-7800 x 235
bvillanueva@cri.bz

Re: Support Letter for the proposed Churchill at Golden Triangle Community (TDHCA Application #19009) located at Approx. 11000 Metroport Way, Fort Worth, Tarrant County, TX 76177

Dear Ms. Villanueva:

This letter is being sent to express our support for your proposed multifamily community, Churchill at Golden Triangle. Our primary purpose is to change the way the world defines and views disability by making profound, positive differences in people’s lives every day. Easterseals North Texas helps more than 4,500 individuals every year become more independent. Our therapists, job coaches, and other professionals make profound differences every day in the way people live, learn, work, and play. As a part of our community since 1939, we deliver high-quality, customized care to our neighbors. We are a tax-exempt organization and we serve the area of Fort Worth, Tarrant County Texas, in which your proposed multifamily community is located.

With Churchill at Golden Triangle being in our service area we look forward to working with you and your residents upon completion and occupancy.

If you have any questions, please feel free to contact me.

Sincerely,

Donna Dempsey
President
1424 Hemphill Street
Fort Worth, Texas 76104-4703
ddempsey@ntx.easterseals.com
817-759-7925
Employer Identification Number: 75-0827419
Person to Contact: G. McClellan
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of May 29, 2009, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in September 1989, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Rita A. Leete
Accounts Management II
Exemption Verification Letter

Texas Comptroller of Public Accounts
Austin, TX 78774

February 12, 2019

EASTER SEALS NORTH TEXAS, INC.
1424 HEMPHILL ST
FORT WORTH, TX 76104-4703

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

  Franchise tax, as of 02-05-1948
  Sales and use tax, as of 08-29-1977
    (provide Texas sales and use tax exemption certificate Form 01-339 (Back) to vendor)
  The entity is not exempt from hotel occupancy tax.

  Texas taxpayer identification number: 32011335851

This exemption verification is not a substitute for the completed exemption certificates that are required when claiming exemption from Texas taxes. Vendors should be familiar with the requirements for accepting the certificates in good faith from their customers.

This exemption verification does not mean that the organization holds a permit for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication Exempt Organizations: Sales and Purchases (96-122). Online registration is available.

For information concerning sales taxpayer permit status, please use the vendor search we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from Business and Nonprofit Forms page of the Secretary of State's website. Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the Foreign or Out-of-State Entities page on the Secretary of State's website.

Our publications and other helpful information are available on our website. If you need more information, write to us at exempt.orgs@cpa.texas.gov, or call us at 800-252-5555.
<table>
<thead>
<tr>
<th><strong>EASTER SEALS NORTH TEXAS, INC.</strong></th>
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<tbody>
<tr>
<td><strong>Texas Taxpayer Number</strong></td>
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<td><strong>Mailing Address</strong></td>
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<td><strong>Right to Transact Business in Texas</strong></td>
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<td><strong>Texas SOS File Number</strong></td>
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<td><strong>Registered Agent Name</strong></td>
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<td><strong>Registered Office Street Address</strong></td>
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Who We Are

History

Local Story

Easterseals North Texas has provided services for individuals with disabilities and their families since 1939. Each year, with our assistance, over 5,000 individuals of all abilities are able to live, learn, work and play in our communities.

As a nonprofit organization, we are always ready to provide expert help, hope and answers. It's who we are, and what we have been doing for over 75 years in North Texas.

Easterseals North Texas has a longstanding history in our community of providing unique programs and services for individuals with a wide variety of disabilities, including Autism Spectrum Disorder, Alzheimer's disease, Down syndrome, Cerebral Palsy, Mental and Developmental Delays.

Our services continue to evolve with the needs of the community, and are provided in our Fort Worth and North Dallas centers. In some cases, we can bring our services to your home.

Easter Seals North Texas Highlights

1939 - Easter Seals of Greater Dallas was formed
1947 - Easter Seals Greater Northwest Texas was established in Fort Worth
2005 - United Cerebral Palsy merged with Easter Seals Greater Northwest Texas
2007 - Dallas and Fort Worth Easter Seals' affiliates merged to form the new organization Easter Seals North Texas
2010 - The DFW Center for Autism in Grapevine became a part of Easter Seals North Texas and became known as Texas Star Academy

Today - Easter Seals North Texas continues its longstanding history in the community of providing programs and services for individuals of all abilities.

National Story

As America's largest nonprofit health care organization, Easterseals is committed to the comprehensive health and wellness of the more than 1.4 million people it serves each year and is prepared to respond to the needs of the one in four Americans living with disability today with outcomes-based services for all disabilities throughout the lifespan.

Among our services: early intervention, inclusive childcare, medical rehabilitation and autism services for young children and their families; job training and coaching; employment placement and transportation services for adults with disabilities, including veterans; adult day services and employment opportunities for older adults – in addition to a variety of additional services for people of all ages including mental health and recovery programs.
assistive technology, camp and recreation, caregiving support including respite – and much more.

Additionally, we’ve served transitioning military, veterans and their families and caregivers since WWII and continue to be the “go to” resource for them to help ensure their successful transition to civilian life.

Tragedy Leads to Inspiration

In 1907, Ohio-businessman Edgar Allen lost his son in a streetcar accident. The lack of adequate medical services available to save his son prompted Allen to sell his business and begin a fundraising campaign to build a hospital in his hometown of Elyria, Ohio. Through this new hospital, Allen was surprised to learn that children with disabilities were often hidden from public view. Inspired to make a difference, in 1919 Allen founded the National Society for Crippled Children, the first organization of its kind.

The Birth of the Seal

In the spring of 1934, the organization launched its first Easter “seals” campaign to raise money for its services. To show their support, donors placed the seals on envelopes and letters. Cleveland Plain Dealer cartoonist J.H. Donahay designed the first seal. Donahay based the design on a concept of simplicity because those served by the charity asked “simply for the right to live a normal life.” The lily - a symbol of spring - was officially incorporated as the National Society for Crippled Children’s logo in 1952 for its association with new life and new beginnings.

Expansion of the organization

In 1945, we expanded our vision across the country and in communities nationwide when we opened our services to adults and returning WWII veterans.

Easterseals Emerges

The overwhelming public support for the Easter “seals” campaign triggered a nationwide expansion of the organization and a swell of grassroots efforts on behalf of people with disabilities. By 1967, the Easter “seal” was so well recognized, the organization formally adopted the name “Easter Seals.”

Americans with Disabilities Act

Prior to the passing of the ADA on July 26, 1990, Easterseals was a leading advocate for the American Disabilities Act (ADA) and actively lobbied in Washington and across the country for its adoption. Easterseals also created some of the most powerful advocacy campaigns with messages to support the law and its implementation. After the passing of the ADA, Easterseals worked tirelessly to ensure that all people are empowered to access their rights under the ADA.

Read more about Easterseals history with the Americans with Disabilities Act.

Easterseals Today

Today and every day, Easterseals offers indispensable resources to more than a million people and families living with a disability annually. Our best in class, inclusive services are provided through a network of 73 local Easterseals in communities nationwide, along with four international partners in Australia, Mexico, Puerto Rico and Canada. Easterseals offers
hundreds of home and community based services and supports—categorized into five distinct support areas: Live, Learn, Work, Play and Act.

**LIVE:** Hands on comprehensive, vital programs and support to help people reach their full potential:
- Adult and senior services
- Autism services
- Medical rehabilitation and health services
- Mental health services
- Residential and housing services

**LEARN:** Programs designed to help children and adults learn—and often relearn—basic functions, master skills need to develop and thrive, and be sharp and active across the lifespan.
- Online development screening tool
- Assistive technology services
- Early intervention services
- Child care services
- Children services

**WORK:** A range of training, placement and related services helping people prepare for the workforce.
- Veterans and Military family services
- Workforce Development services

**PLAY:** Fun, healthy programs for children, adults and caregivers to relax, connect with friends and engage in constructive activities.
- Camping and recreation
- Respite services
- Supportive services

**ACT:** Involvement opportunities for our vibrant community of friends and supporters.
- Community engagement and outreach
- Educational programming

**The next 100 years**

In 2019, Easterseals celebrates 100 years of impact in the lives of individuals with disabilities or other special needs, their families and communities throughout America as a powerful advocate and leading provider of innovative services. In marking this milestone, Easterseals reflects on its legacy of delivering equality, dignity and independence to people with disabilities while embracing a future where every one of us is 100% included and 100% empowered.

Since its founding in 1919, Easterseals has remained committed to ensuring that the needs of children and adults with disabilities, veterans and older adults are met with services and supports to help them live, learn, work and play in their communities. By combining on-the-ground presence, deep expertise and diverse programs, 71 Easterseals affiliates nationwide are advancing change to assure that people with disabilities and other special needs can thrive in their communities.
Who We Are

Leadership

Governing Board of Directors

Chairman: Jim Fite, CENTURY 21 Judge Fite Company
Vice Chairman: Scott Newman, OUTFRONT Media
Treasurer: Jill A. Briesch, CPA, Self-employed
Secretary: Gregor Esch, Dallas / Fort Worth News

Jill Clifton, Cardinal Financial Company
Cam Large, BNSF Railway
Donna Merchant, Resolute Investment Managers
Mike Tyson
Jeff Whittle, Whittle & Partners
Shelley L. Young, Retail Products Group

Advisory Members

Gus Bates, II, Gus Bates Company

Interested in becoming a board member? Contact us via email

Easterseals North Texas Management Team

Donna Dempsey
President

Nancy Q. Wright
Executive Vice President & Chief Financial Officer

Who We Are

History
News | Media Center
FAQs
Stories Of Hope
Leadership
Partners
Financials
Careers at Easterseals
Contact Us
Locations

Our blog

Calling All Writers With Disabilities: Apply For a Grant Today!
Monday, February 11, 2019, 9:07 AM

How I Experienced the Super Bowl Halftime Show Using Smart Glasses Technology
Monday, February 4, 2019, 8:54 AM

My 5 Tips for Walking Your Dog in Winter Weather Conditions
Thursday, January 31, 2019, 10:54 AM

Join Our ENews!

Your email address
Your zip code
Denise Wilkerson  
Vice President of Development

Jennifer Friesen  
Vice President of Therapeutic and Autism Services

Marty Skinner  
Vice President of Compliance

Claudia Mayorga  
Office Manager / Executive Assistant

Become an Easterseals advocate!

Find out how to Make the First Five Count!

Connect with Us
February 6th, 2019

Ms. Becky Villanueva
Churchill at Golden Triangle Community, L.P.
c/o Churchill Senior Communities, LP
5605 N. MacArthur Blvd., Suite 580
Irving, Texas 75038
972-550-7800 x 235
bvillanueva@cri.bz

Re: Support Letter for the proposed Churchill at Golden Triangle Community (TDHCA Application #19009) located at Approx. 11000 Metroport Way (South of Timberland Blvd.), Fort Worth, Tarrant County, TX 76177

Dear Ms. Villanueva:

This letter is being sent to express our support for your proposed multifamily community, Churchill at Golden Triangle. At Apartment Life (formerly known as CARES) our passion is to meet the needs of people who are hungry for a sense of community and transform their lives by the overall improvement in the community. We are a tax-exempt organization and we serve the area of Fort Worth, Tarrant County Texas, in which your proposed multifamily community is located.

With Churchill at Golden Triangle being in our service area we look forward to working with you and your residents upon completion and occupancy.

If you have any questions, please feel free to contact me.

Sincerely,

Stephanie Edgar
stephanieedgar@apartmentlife.org
Dear Applicant:

Our letter dated JUNE 2000, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:30 a.m. - 5:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements
APARTMENT LIFE INC  
C/O STAN DOBBS  
PO BOX 400 1000 W AIRPORT FREEWAY  
EULESS, TX 76039

Date: JUN 27 2000

Employer Identification Number: 75-2868621
D LN: 17053116004020
Contact Person: RUTHANN WATTS
Contact Telephone Number: (877) 829-5500
Accounting Period Ending: DECEMBER 31
Foundation Status Classification: 509(a)(1)
Advance Ruling Period Begins: March 5, 2000
Advance Ruling Period Ends: December 31, 2004
Addendum Applies: No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make
a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of $100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

Contributions to you are deductible by donors beginning March 5, 2000.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally $25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally $25,000 or less, and sign the return. Because you will be treated as
APARTMENT LIFE INC

a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period that you exceed the $25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of $20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed $10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding $1,000,000 in any year, the penalty is $100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding $1,000,000 shall not exceed $50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

Letter 1045 (DO/CG)
APARTMENT LIFE INC

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Steven T. Miller
Director, Exempt Organizations

Enclosure(s):
Form 872-C
Exemption Verification Letter

Texas Comptroller of Public Accounts
Austin, TX 78774

February 12, 2019

APARTMENT LIFE, INC.
PO BOX 635
EULESS, TX 76039-0635

According to the records of the Comptroller of Public Accounts, the following exemption(s) from Texas taxes apply to the above organization(s):

Franchise tax, as of 03-05-2000
Sales and use tax, as of 03-05-2000
(provide Texas sales and use tax exemption certificate Form 01-339 (Back) to vendor)
The entity is not exempt from hotel occupancy tax.

Texas taxpayer identification number: 32002537648

This exemption verification is not a substitute for the completed exemption certificates that are required when claiming exemption from Texas taxes. Vendors should be familiar with the requirements for accepting the certificates in good faith from their customers.

This exemption verification does not mean that the organization holds a permit for collecting or remitting any Texas taxes.

Exempt organizations must collect tax on most sales. For more information, please see our publication Exempt Organizations: Sales and Purchases (96-122). Online registration is available.

For information concerning sales taxpayer permit status, please use the vendor search we provide online.

Corporations that are registered in Texas with the Secretary of State must maintain a current registered agent and registered office address. Information is available from Business and Nonprofit Forms page of the Secretary of State's website. Additionally, out-of-state corporations, limited liability companies, or limited partnerships transacting business in Texas may need to file a Certificate of Authority or Registration with the Texas Secretary of State. More information is available from the Foreign or Out-of-State Entities page on the Secretary of State's website.

Our publications and other helpful information are available on our website. If you need more information, write to us at exempt.orgs@cpa.texas.gov, or call us at 800-252-5555.
### Franchise Tax Details

**Franchise Search Results**

**Public Information Report**

As of: 02/12/2019 11:20:17

This Page is Not Sufficient for Filings with the Secretary of State

Obtain a certification for filings with the Secretary of State.

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Close
## Apartment Life Inc

**Euless, Texas**

**EIN:** 75-2868621

**Religion-Related, Spiritual Development**

### Demographic

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### Classification

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### Financials

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What We Do

Community is good for both people and business. Unfortunately, many apartment residents feel completely disconnected from their neighbors.

**Apartment Life** helps apartment owners care for residents by connecting them in relationships. This, in turn, helps improve the community's financial performance through online reputation, resident satisfaction, and resident retention. *Changing business.*
North Texas Region

The North Texas Region serves apartment communities in the greater Dallas-Fort Worth metro area. Your gift to the North Texas Region helps start new programs, expands workforce housing services, and keeps current communities strong.

Make a gift now by entering an amount in the box above or by clicking the gift bubble at the right.

Other Apartment Life Projects
I WOULD LIKE TO...

Find out how Apartment Life can help my multifamily community.

Explore ways I can work with Apartment Life.

Give financially.
About Apartment Life

We Are the Life of the Party

Apartment Life is a faith-based, non-profit organization that has been serving the apartment industry since 2000. We believe every individual is created for community and that we are called to love our neighbor as ourselves. Our goal is to live this out while providing strong business value to apartment owners.

As a faith-based organization, we are committed to Fair Housing guidelines to ensure that all residents are treated fairly, equally, and consistently. All of our employees are trained in Fair Housing guidelines.

We perform our responsibilities and conduct our behavior based on a foundation of core values, which shape our culture, define our character, and guide how we make decisions. Regardless of what else may change, we are committed to remaining true to the following values:

Real: We believe in authentically connecting with each other and communicating with transparency in grace and truth.

Caring: Employees quickly become “like family” as we celebrate with each other and support each other in times of need.

Playful Attitude: We’re professional and, at the same time, we maintain perspective and don’t take ourselves too seriously. We like to have fun together - enjoying light-hearted times and good-natured laughter.

Business-with-a-Cause: As a fully integrated organization, we weave together excellence in business with serving and loving our neighbors well.
# Required Third Party Reports

Be advised that all third party reports will be posted on the Department’s website along with the Application.

Complete the information below as applicable [§11.205].

1. **Environmental Site Assessment (ESA) (All Multifamily Applications)**
   - Prepared by: Intertek/PSI
   - Date of Report: 2/26/2019
   - □ Report recommends further studies or establishes environmental hazards that currently exist on the Property or off-site with the potential to affect the Property.
   - If the above box is checked, a statement is provided behind this tab signed by the Development Owner, that certifies the Development Owner will comply with any and all recommendations made by the ESA preparer.
   - □ Development is funded by USDA and is not required to supply an ESA.

2. **Environmental Clearance (Section 811 PRA and Direct Loan applications only)**
   - All Applications selecting Points for Section 811 PRA Program participation under the Competitive HTC program or Direct Loans must review the Environmental Requirements and Environmental Assurance section of the Section 811 PRA Program Guidelines (§PRA.215) and provide adequate material to meet the tenets. A Phase I Environmental Site Assessment (ESA) will not satisfy the environmental clearance required for use of the Section 811 PRA Program.
   - All Applications for Direct Loans by the Department must complete an environmental clearance process in accordance with 24 CFR Parts 50 and 58 prior to engaging in choice limiting activities such as closing on land, loans, beginning demolition or construction activities, or entering into construction contracts. A Phase I Environmental Site Assessment (ESA) will not satisfy the environmental clearance required for use of Multifamily Direct Loan funds.
   - □ Application selected points for the Section 811 PRA Program and includes documentation for the project participating in the Section 811 PRA Program that the project meets the tenets of HUD environmental policy and the requirements of applicable statutes and authorities.
   - □ Applicant has submitted an environmental packet to TDHCA and determination is pending.
   - □ Applicant has reviewed the Environmental Requirements and Environmental Assurance section of the Section 811 PRA Program Guidelines (§PRA.215) and understands that a determination must be received prior to signing the Rental Assistance Contract.
   - □ MFDL Development has already received Environmental Clearance from HUD under 24 CFR Parts 50 or 58.
   - □ Documentation of HUD Environmental Clearance is included behind this tab.
   - □ Applicant has submitted an environmental packet to TDHCA and clearance is pending.
   - □ Applicant has reviewed the environmental clearance materials available on the Department’s website and understands that clearance must be received prior to closing on the loan.
     - [http://www.tdhca.state.tx.us/program-services/environmental/index.htm](http://www.tdhca.state.tx.us/program-services/environmental/index.htm)
   - □ A Third Party will aid in the completion of the environmental clearance process. If checked, complete the following:
     - Name of Firm: Intertek/PSI
     - Contact Person: Brian Reeser
     - Contact Telephone: (469) 814-0687
     - Email: brian.reeser@intertek.com

3. **Primary Market Area Map**
   - □ Primary Market Area (PMA) map with definition of PMA is included behind this tab.
   - Prepared by: Apartment MarketData, LLC
   - Date of Report: 2/4/2019
   - Development Site Location:
     - Longitude: -97.3104
     - Latitude: 32.9407

4. **Property Condition Assessment (PCA)**
   - Prepared by: N/A
   - Date of Report:

5. **Appraisal**
   - Prepared by: n/a
   - Date of Report:

6. **Site Design and Development Feasibility Report**
   - Prepared by: Kimley Horn
   - Date of Report: 2/25/2019
We have selected points for the Section 811 Program. Documentation is in the Phase I ESA noting that the project meets the tenets of section § PRA.215 Environmental Requirements and Environmental Assurance. Refer to page 10 – Non-Scope Considerations – Other Business Environmental Risks (pages 10 & 11) and throughout the Phase I for more specific documentation of each aspect.
**MARKET ANALYSIS SUMMARY**

Provider: Apartment MarketData, LLC  
Date: 2/4/2019

Contact: Darrell G Jack  
Phone: (210) 530-0040

Development: Churchill at Golden Triangle  
Target Population: General

Definition of Elderly Age: 

Site Location: Approx. 11000 block of Metroport Way  
City: Fort Worth  
County: Tarrant

Site Coordinates:

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(Decimal degree format)

**Primary Market Area (PMA)**

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Square Miles

**CENSUS TRACTS**

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February 26, 2019

Mr. Brent Stewart
Texas Dept. of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Public Information Request - Release

Greetings:

As part of the market studies produced for the 2019 9% LIHTC application round, Apartment MarketData, LLC (AMD) certifies that it has read and understands Department Rules specific to the report found in Section 11.303 of the Underwriting Rules and Guidelines. AMD acknowledges that the Texas Department of Housing and Community Affairs (the “Department”) may publish any of the reports on the Department’s website, release it in response to a request for public information, and make other use of the information as authorized by law.”

Sincerely,

[Signature]

Darrell G. Jack
Market Analyst
President
Tie-Breaker Information

Tie-Breaker #1 (10 TAC §11.7(1))
Applications proposed to be located in a census tract with a poverty rate below the average poverty rate for all awarded Competitive HTC Applications from the past three years (with Region 11 adding an additional 15% to that value and Region 13 adding an additional 5% to that value). If a tie still persists, then the Development in the census tract with the highest percentage of statewide rent burden for renter households at or below 80% Area Median Family Income (“AMFI”), as determined by the U.S. Department of Housing and Urban Development’s Comprehensive Housing Affordability Strategy (“CHAS”) dataset and as reflected in the Department’s current Site Demographic Characteristics Report.

- Is Site in Region 11 or 13? No
  - Poverty Rate = 3
  - Poverty Rate is less than 15.629.

- Is Site in Region 11? No
  - Poverty Rate = NA
  - Applicable Poverty Rate = NA
  - Applicable Poverty Rate is less than 15.629.

- Is Site in Region 13? No
  - Poverty Rate = NA
  - Applicable Poverty Rate = NA
  - Applicable Poverty Rate is less than 15.629.

Rent Burden Rank = 672 (lower number wins tie)

Tie-Breaker #2 (10 TAC §11.7(2))
Applications proposed to be located the greatest linear distance from the nearest Housing Tax Credit assisted Development that serves the same Target Population and that was awarded less than 15 years ago according to the Department’s property inventory tab of the Site Demographic Characteristics Report.

Development Longitude: -97.3104
Development Latitude: 32.9407
Target Population: General
Closest Development serving same Population: Harmon Villas
Application Number: 12083
Address: 9300 Harmon Road, Fort Worth, TX 76177 Site Demographics says 9592
Year of Award: 2012

2/27/2019
Multifamily Finance Division staff will place scanned copies of deficiency documents behind this tab in the application .pdf
In the course of the Department’s Housing Tax Credit Eligibility/Selection/Threshold and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(7), §11.201(7)(A) and §11.201(7)(B) of the 2019 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. **Site Control**: Submit evidence that all earnest money due as specified in the contract has been received by the title company.

2. **Site Plan**: I don’t find an accessible route depicted for the accessible parking spaces located north of the clubhouse. Identify all accessible routes.

3. **Site Plan**: Clarify the number and location of the van accessible parking spaces.

4. **Accessible Parking Calculation Worksheet**: The calculation worksheet does not include accessible parking spaces for amenities depicted on the site plan, such as the pool, cabana, and playground. The Accessible Parking Calculation Worksheet should identify these amenities and reflect one accessible parking space for them. Please note that the number of accessible spaces shown on the site plan is acceptable, however, the worksheet should be corrected.

5. **Rent Schedule**: Provide a description of the non-rental income in the space provided.

6. **Rent Schedule**: The application appears to violate 10 TAC §11.204(8)(D) of the 2019 QAP. No more than 10% of the Direct Loan units may be designated at 80% High HOME. Please revise the appropriate exhibit(s).

7. **Annual Operating Expenses**: The Direct Loan Compliance fees were omitted. Please revise the exhibit.

8. **Applicant Credit Limit Certification Part I**: The entity name of the general partner does not agree with the Ownership Charts. Please clarify the correct name and revise the appropriate exhibit(s).

9. **Applicant Credit Limit Certification Part I**: The exhibit was not executed.

10. **ESA**: Submit a statement that the recommendations of the ESA will be performed prior to closing, if awarded.

11. **Site Design and Development Feasibility Report**: I don’t find a survey in the report. Submit a survey that conforms to the requirements of 10 TAC §11.204(15)(B) of the 2019 QAP.

12. **Site Design and Development Feasibility Report**: I don’t find an overview that describes
the millage rates for all taxing jurisdictions and property identification numbers. Either submit clarification from the report provider or clarify the location if I missed it.

The above list may not include all Administrative Deficiencies such as those that may be identified upon a supervisory review of the application. Notice of additional Administrative Deficiencies may appear in a separate notification.

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(7)(B) of the 2019 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved. If, during the period of time when the Application is suspended from review, Direct Loan funds become oversubscribed, the Applicant will be informed that unless the outstanding item(s) are resolved within one business day the Application will be terminated. For purposes of priority under the Direct Loan set-asides, if the outstanding item(s) are resolved within one business day, the date by which the item is submitted shall be the new received date pursuant to §13.5(c) of the 2019 Multifamily Direct Loan Rule. Applicants should be prepared for additional time needed for completion of staff reviews.

Unless the person that issued this deficiency notice, named below, specifies otherwise, submit all documentation at the same time and in only one file using the Department’s Serv-U HTTPs System. Once the documents are submitted to the Serv-U HTTPs system, please email the staff member issuing this notice. If you have questions regarding the Serv-U HTTPs submission process, contact Liz Cline at liz.cline@tdhca.state.tx.us or by phone at (512)475-3227. You may also contact Jason Burr at jason.burr@tdhca.state.tx.us or by phone at (512)475-3986.

All applicants should review §§11.1(b) and 11.1(h) of the 2019 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

**All deficiencies must be corrected or clarified by 5 pm Austin local time on April 30, 2019. Please respond to this email as confirmation of receipt.**
April 24, 2019

Ms. Liz Cline-Rew  
Multifamily Finance Housing Specialist  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, TX 78711

RE: TDHCA #19009 – Churchill Golden Triangle Community – Deficiency Response

Dear Ms. Cline-Rew,

On behalf of Churchill Golden Triangle Community, please see our responses below and attachments as necessary to address the deficiencies noted in your email of April 23, 2019.

1. Site Control: Submit evidence that all earnest money due as specified in the contract has been received by the title company.

   Please see the enclosed email from Stephen Lindsey dated 12/14/2018 confirming receipt of the initial $10,000 earnest money check. This is also evidenced in the contract by the Title Company on page 160 of the application. We are enclosing an amendment to the contract moving the inspection period from March 31, 2019 to May 20, 2019.

2. Site Plan: I don’t find an accessible route depicted for the accessible parking spaces located north of the clubhouse. Identify all accessible routes.

   Please see the revised site plan where the ADA path has been extended to the spaces north of the clubhouse. All other "ADA" routes were identified on the engineering site plan and included with the original application page 2,166.

3. Site Plan: Clarify the number and location of the van accessible parking spaces.

   We have identified the location of the 4 "van" accessible parking spaces they are labeled VAN on the site plan noted in item 2.

4. Accessible Parking Calculation Worksheet: The calculation worksheet does not include accessible parking spaces for amenities depicted on the site plan, such as the pool, cabana, and playground. The Accessible Parking Calculation Worksheet should identify these amenities and reflect one accessible parking space for them. Please note that the number of accessible spaces shown on the site plan is acceptable, however, the worksheet should be corrected.

   Please see the enclosed corrected worksheet.

5. Rent Schedule: Provide a description of the non-rental income in the space provided.

   Please see the enclosed revised Rent Schedule with the non-rental income noted.

6. Rent Schedule: The application appears to violate 10 TAC §11.204(8)(D) of the 2019 QAP. No more than 10% of the Direct Loan units may be designated at 80% High HOME. Please revise the appropriate exhibit(s).

   The Rent Schedule has been revised, and included with this letter, to reflect 10 TAC §11.204(8)(D). There is now 2 50% AMI LH units and 6 60% AMI HH units. This had no impact on the rental income.

7. Annual Operating Expenses: The Direct Loan Compliance fees were omitted. Please revise the exhibit.
Please see the revised Annual Operating Expenses and Pro Forma with the Direct Loan Compliance fees noted.

8. Applicant Credit Limit Certification Part I: The entity name of the general partner does not agree with the Ownership Charts. Please clarify the correct name and revise the appropriate exhibit(s).

   The correct entity name is Churchill Golden Triangle Community GP, LLC the Ownership Charts were correct; attached with item 9 below is the corrected Applicant Credit Limit Certification.

9. Applicant Credit Limit Certification Part I: The exhibit was not executed.

   Enclosed is the executed Applicant Credit Limit Certification Part I, the executed document was inadvertently omitted into the final pdf document.

10. ESA: Submit a statement that the recommendations of the ESA will be performed prior to closing, if awarded.

    A statement is included with this letter.

11. Site Design and Development Feasibility Report: I don't find a survey in the report. Submit a survey that conforms to the requirements of 10 TAC §11.204(15)(B) of the 2019 QAP.

    Page 8 of the engineering feasibility report contains the preliminary engineering site plan. The survey that was updated in February 2019 was incorporated into and the basis of this site plan. We have attached that survey by itself for your files.

12. Site Design and Development Feasibility Report: I don't find an overview that describes the millage rates for all taxing jurisdictions and property identification numbers. Either submit clarification from the report provider or clarify the location if I missed it.

    Below are Tax Rates per each jurisdiction:

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Fort Worth</td>
<td>0.785000</td>
</tr>
<tr>
<td>Tarrant County</td>
<td>0.234000</td>
</tr>
<tr>
<td>Northwest ISD</td>
<td>1.490000</td>
</tr>
<tr>
<td>Tarrant County Hospital</td>
<td>0.224429</td>
</tr>
<tr>
<td>Tarrant County College</td>
<td>0.136070</td>
</tr>
<tr>
<td>Tarrant Regional Water District #1</td>
<td>0.019400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.888899</strong></td>
</tr>
</tbody>
</table>

Property Taxes, per $100 of assessed value

Thank you for the review of our application. If you have any questions, please contact me at 972-550-7800 x 222 or by email at bforstlund@cri.bz.

Sincerely,

Brad Forslund
Authorized Representative

enclosures
Good afternoon,

Please be advised we are in receipt of $10,000 via cashier’s check as earnest money for this transaction.

Thank you,

Stephen Lindsey
Escrow Officer & Attorney at Law

Rattikin Title Company
3707 Camp Bowie Boulevard, Suite 120 | Fort Worth, TX 76107

O: 817-737-4800 (main)
O: 817-334-1347 (direct)
F: 817-737-4801
E: SLindsey@RattikinTitle.com
W: www.RattikinTitle.com
To: David L. Bailiff <dbailiff@RattikinTitle.com>; Tony Sisk <tsisk@cri.bz>; Wes Gotcher <Wes@moriahgroup.net>
Cc: Brad Forslund <bforslund@cri.bz>; Michelle Bless <mbless@cri.bz>
Subject: RE: CHURCHILL - PSA with Moriah Group- Golden Triangle

David – we are on a short 2 day window to deposit the earnest money; therefore we are going to overnight a check to your attention to this address.

Rattikin Title Company
3707 Camp Bowie Boulevard, Suite 120 | Fort Worth, TX 76107

Thanks, Becky

From: Becky Villanueva
Sent: Thursday, December 13, 2018 9:51 AM
To: ‘David L. Bailiff’ <dbailiff@RattikinTitle.com>; Tony Sisk <tsisk@cri.bz>; ‘Wes Gotcher’ <Wes@moriahgroup.net>
Cc: Brad Forslund (bforslund@cri.bz) <bforslund@cri.bz>; Michelle Bless <mbless@cri.bz>
Subject: CHURCHILL - PSA with Moriah Group- Golden Triangle

Good Morning David,

Attached is an executed contract to put this site back under contract. If you would send wiring instructions we will get the $10,000 earnest money to you today. The previous GF#16-00069.

Thank you,

Becky

Becky Villanueva
Real Estate Associate
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972-550-7800 x 235
FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This First Amendment to Purchase and Sale Agreement ("First Amendment") is made and entered into by and between TRIANGLE I-35 REALTY, LTD, a Texas limited partnership ("Seller") and CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P., a Texas limited partnership ("Purchaser") as of the 18th day of March 2019 ("First Amendment Effective Date").

RECITALS

A. Seller and Purchaser entered into a Purchase and Sale Agreement ("Agreement") with an Effective Date of December 13, 2018, for the sale and purchase of approximately 5.282 +/- acres (Land) of real property of land located in Fort Worth, Tarrant County, Texas.

B. Pursuant to Section 1 item (k) of the Agreement, Seller and Purchaser desire to amend the Agreement to revise the Inspection Period.

C. All defined terms in this First Amendment that are not defined herein have the same meanings given to those terms in the Purchase and Sale Agreement.

AGREEMENT

In consideration of the mutual covenants contained in this First Amendment, Seller and Purchaser amend the Purchase and Sale Agreement as follows:

1. Inspection Period. Section 1 (k) of the Purchase and Sale Agreement is amended to extend the end of the Inspection Period and the payment of the Additional Deposit from March 31, 2019 to May 20, 2019.

Except as amended by this First Amendment, the Purchase and Sale Agreement is ratified and confirmed by Seller and Purchaser.

[signatures on following page]
Executed by Seller and Purchaser as of the First Amendment Effective Date, in multiple counterparts.

SELLER:  

**TRIANGLE I-35 REALTY, LTD**  
A Texas limited partnership  
By: Western Green Oaks Corporation,  
A Texas corporation,  
Its general partner  

By:  
Name: Carly D. Brown  
Title: Director

PURCHASER:  

**CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P.,**  
a Texas limited partnership  

By:  
Name: Bradley E. Forslund  
Title: Manager of Special Limited Partner
Executed by Seller and Purchaser as of the First Amendment Effective Date, in multiple counterparts.

SELLER: TRIANGLE I-35 REALTY, LTD
A Texas limited partnership
By Western Green Oaks Corporation,
A Texas corporation,
Its general partner

By: ____________________________
Name: __________________________
Title: __________________________

PURCHASER: CHURCHILL AT GOLDEN TRIANGLE COMMUNITY, L.P.,
a Texas limited partnership

By: ________________________
Name: Bradley E. Forslund,
Title: Manager of Special Limited Partner
<no text>
Accessible Parking Calculation

Submit this worksheet or a comparable document certified by an accessibility professional.

Although Fair Housing Standards may apply in unusual circumstances, ADA Standards typically determine the required number of Accessible Parking Spaces (APSs). This worksheet is intended to handle typical (ADA) cases, where all parking spaces are within a single parking lot. However, it might be possible to determine the APS requirements of multiple lots (or facilities) by completing this same worksheet for each of the lots. The worksheet might also be usable for Developments with less than one parking space to serve each dwelling unit, by filling in the information on page one, bypassing inapplicable spaces in the first section of page two, and completing the second section of page two, "Distribution of APSs Among the Various Types of Parking", referencing ADA Table 208.2. In unique cases where Fair Housing applies, or where this worksheet cannot be applied, create a certification specifying the types and numbers of the parking spaces applicable, including standard and accessible parking for dwelling units and amenities (e.g., office, mail kiosk, laundry, dumpster, pool, playground, etc., collectively, "amenities"), and for each type of parking facility, e.g., surface spaces, carports, garages, etc., for staff review. Links to the applicable accessibility rules are provided below.


### Accessible Parking for Facilities and Amenities

Determining the number of APSs that serve the dwelling units requires accounting for APSs that do not serve dwelling units. In the yellow spaces below, identify the individual amenities served by an APS. Groups of amenities in close proximity typically are allowed to share a single APS. If groups of amenities share one APS (or APSs), identify each such group. In the yellow space to the right of each of these identifications, state the number of APSs designated to serve the amenity or group identified. If parking is provided near dumpsters, at least 1 dumpster must have an APS. The total of these APSs will be subtracted from the total of all types of parking spaces to determine the number of parking spaces that serve the dwelling units and the APSs required for the dwelling units.

<table>
<thead>
<tr>
<th>Amenity:</th>
<th>Identification of amenity, or amenities of a group, that the APS serves</th>
<th>APSs:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office, etc.:</td>
<td>Clubhouse, pool, playground, cabana</td>
<td>1</td>
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<tr>
<td>Amenity 1:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amenity 2:</td>
<td></td>
<td></td>
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<tr>
<td>Amenity 6:</td>
<td></td>
<td></td>
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</table>

Total of Accessible Parking Spaces that Do Not Serve Dwelling Units: 1
## Rent Schedule

**Rent Designations (select from Drop down menu):**

<table>
<thead>
<tr>
<th>HTC Units</th>
<th>MF Direct Loan Units (HOME Rent/Ins)</th>
<th>Nat'l HTF Units</th>
<th>TDHCA MRB Units</th>
<th>Other/ Subsidy</th>
<th># of Units</th>
<th># of Bedrooms</th>
<th># of Baths</th>
<th>Unit Size (Net Rentable Sq. Ft.)</th>
<th>Total Net Rentable Sq. Ft.</th>
<th>Program Rent Limit</th>
<th>Tenant Paid Utility Allow.</th>
<th>Rent Collected /Unit</th>
<th>Total Monthly Rent</th>
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</thead>
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<tr>
<td>TC 30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>1</td>
<td>1.0</td>
<td>675</td>
<td>2,025</td>
<td>423</td>
<td>49</td>
<td>374</td>
<td>1,122</td>
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<tr>
<td>TC 30% LH/50%</td>
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<td></td>
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<td>1</td>
<td>1.0</td>
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<td>423</td>
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<td></td>
<td>15</td>
<td>1</td>
<td>1.0</td>
<td>675</td>
<td>10,125</td>
<td>705</td>
<td>49</td>
<td>656</td>
<td>9,840</td>
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<tr>
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<td>2</td>
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<td>1.0</td>
<td>675</td>
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<td>705</td>
<td>49</td>
<td>656</td>
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<td>2.0</td>
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<td>3</td>
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**TOTAL**

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<th>99</th>
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<th>80,444</th>
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<td>Non Rental Income</td>
<td>$13.00</td>
<td>per unit/month for:</td>
<td>1,287</td>
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<td>Non Rental Income</td>
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<td>per unit/month for:</td>
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<td>Non Rental Income</td>
<td>0.00</td>
<td>per unit/month for:</td>
<td>1,287</td>
</tr>
<tr>
<td><strong>TOTAL NONRENTAL INCOME</strong></td>
<td>$13.00</td>
<td>per unit/month</td>
<td>1,287</td>
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<tr>
<td><strong>POTENTIAL GROSS MONTHLY INCOME</strong></td>
<td>81,731</td>
<td></td>
<td></td>
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<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>% of Potential Gross Income:</td>
<td>7.50%</td>
<td></td>
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<tr>
<td>Rental Concessions (enter as a negative number)</td>
<td>Enter as a negative value</td>
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<td><strong>EFFECTIVE GROSS MONTHLY INCOME</strong></td>
<td>75,601</td>
<td></td>
<td></td>
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</tbody>
</table>

*12 = EFFECTIVE GROSS ANNUAL INCOME* 907,214

If a revised form is submitted, date of submission: 4/24/2019
<table>
<thead>
<tr>
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<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
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<td>44%</td>
</tr>
<tr>
<td>TC70%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TC80%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HTC LI Total</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>EO</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MR</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>MR Total</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Total HTC Units</td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TAX CREDITS</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRB LI Total</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB Total</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NATIONAL HOUSING TRUST FUND</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTF30%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HTF LI Total</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MR</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MR Total</td>
<td>0</td>
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<tr>
<td>HTF Total</td>
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</table>

<table>
<thead>
<tr>
<th>BEDROOMS</th>
<th>0</th>
<th>45</th>
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<tr>
<td></td>
<td>1</td>
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</tr>
<tr>
<td></td>
<td>2</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>4</td>
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</tr>
<tr>
<td></td>
<td>5</td>
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</table>

<table>
<thead>
<tr>
<th>MORTGAGE REVENUE</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRB20%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB30%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB40%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB50%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB60%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB70%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB80%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB LI Total</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MRB Total</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BOND</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MRBMR Total</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIRECT LOAN</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>LH/50%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>HH/60%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>HH/80%</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Direct Loan LI Total</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Direct Loan Total</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER</th>
<th>% of LI</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OT Units</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACQUISITION + HARD</th>
<th>Cost Per Sq Ft</th>
<th>$126.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARD</td>
<td>Cost Per Sq Ft</td>
<td>$126.8</td>
</tr>
<tr>
<td>BUILDING</td>
<td>Cost Per Sq Ft</td>
<td>$84.4</td>
</tr>
</tbody>
</table>

DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
### General & Administrative Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$10,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>$12,000</td>
</tr>
<tr>
<td>Legal fees</td>
<td>$7,500</td>
</tr>
<tr>
<td>Leased equipment</td>
<td>$3,500</td>
</tr>
<tr>
<td>Postage &amp; office supplies</td>
<td>$10,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>$9,600</td>
</tr>
<tr>
<td>Other (Dues, Credit Reports)</td>
<td>$2,450</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td><strong>Total General &amp; Administrative Expenses:</strong></td>
<td><strong>$55,050</strong></td>
</tr>
</tbody>
</table>

### Management Fee
- Percent of Effective Gross Income: 5.00%
- Amount: $45,361

### Payroll, Payroll Tax & Employee Benefits

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>$71,820</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$56,700</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Payroll, Payroll Tax &amp; Employee Benefits:</strong></td>
<td><strong>$128,520</strong></td>
</tr>
</tbody>
</table>

### Repairs & Maintenance

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevator</td>
<td></td>
</tr>
<tr>
<td>Exterminating</td>
<td>$3,000</td>
</tr>
<tr>
<td>Grounds</td>
<td>$19,000</td>
</tr>
<tr>
<td>Make-ready</td>
<td>$19,000</td>
</tr>
<tr>
<td>Repairs</td>
<td>$13,000</td>
</tr>
<tr>
<td>Pool</td>
<td>$3,000</td>
</tr>
<tr>
<td>Other (LifeSafety, Uniforms)</td>
<td>$3,885</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Repairs &amp; Maintenance:</strong></td>
<td><strong>$60,885</strong></td>
</tr>
</tbody>
</table>

### Utilities (Enter Only Property Paid Expense)

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$24,000</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
</tr>
<tr>
<td>Trash</td>
<td>$8,400</td>
</tr>
<tr>
<td>Water/Sewer</td>
<td>$36,900</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Utilities:</strong></td>
<td><strong>$69,300</strong></td>
</tr>
</tbody>
</table>

### Property Taxes

- Published Capitalization Rate: 9.00%
- Source: TCAD
- Annual Property Taxes: $99,882
- Payments in Lieu of Taxes: $99,882
- **Total Property Taxes:** $99,882

### Reserve for Replacements

- Annual reserves per unit: $250
- **Total Reserve for Replacements:** $24,750

### Other Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td></td>
</tr>
<tr>
<td>Supportive Services (Staffing/Contracted Services)</td>
<td>$62,790</td>
</tr>
<tr>
<td>TDHCA Compliance fees ($40/HTC unit)</td>
<td>$3,960</td>
</tr>
<tr>
<td>TDHCA Direct Loan Compliance Fees ($34/MDL unit)</td>
<td>$272</td>
</tr>
<tr>
<td>TDHCA Bond Compliance Fees (TDHCA as Bond Issuer Only - $25/MRB unit)</td>
<td></td>
</tr>
<tr>
<td>Bond Trustee Fees</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>$7,500</td>
</tr>
<tr>
<td>Other (Tax consulting)</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Other Expenses:</strong></td>
<td><strong>$74,522</strong></td>
</tr>
</tbody>
</table>

### TOTAL ANNUAL EXPENSES

- Expense per unit: $5939
- **Expense to Income Ratio:** 64.81%

### NET OPERATING INCOME (before debt service)

- Amount: $319,244

### Annual Debt Service

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital One</td>
<td>$214,040</td>
</tr>
<tr>
<td>TDHCA MFDL</td>
<td>$61,639</td>
</tr>
<tr>
<td><strong>Total Annual Debt Service:</strong></td>
<td><strong>$275,679</strong></td>
</tr>
</tbody>
</table>

### NET CASH FLOW

- Amount: $43,565

---

If a revised form is submitted, date of submission: 4/24/2019
# 15 Year Rental Housing Operating Pro Forma (All Programs)

A pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today’s best estimates of market rents, restricted rents, rental income, and principal and interest debt service). The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 6</th>
<th>YEAR 7</th>
<th>YEAR 8</th>
<th>YEAR 9</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>TENTATIVE GROSS ANNUAL RENTAL INCOME</td>
<td>$595,328</td>
<td>$584,635</td>
<td>$514,042</td>
<td>$48,389</td>
<td>$4,604</td>
<td>$2,458</td>
<td>$1,153,656</td>
<td>$2,73,739</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condensed Income</td>
<td>$15,444</td>
<td>$15,573</td>
<td>$16,088</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,317</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TENTATIVE GROSS ANNUAL INCOME</td>
<td>$580,774</td>
<td>$500,309</td>
<td>$417,439</td>
<td>$420,403</td>
<td>$420,619</td>
<td>$412,119</td>
<td>$412,319</td>
<td>$412,519</td>
<td>$412,719</td>
<td>$412,919</td>
<td>$413,119</td>
</tr>
<tr>
<td>Variable for Vacancy &amp; Collection Loss</td>
<td>($75,550)</td>
<td>($75,539)</td>
<td>($75,529)</td>
<td>($75,519)</td>
<td>($75,509)</td>
<td>($75,499)</td>
<td>($75,489)</td>
<td>($75,479)</td>
<td>($75,469)</td>
<td>($75,459)</td>
<td>($75,449)</td>
</tr>
<tr>
<td>Net Concessions</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TENTATIVE GROSS ANNUAL INCOME</td>
<td>$505,224</td>
<td>$425,770</td>
<td>$342,910</td>
<td>$344,903</td>
<td>$345,110</td>
<td>$344,710</td>
<td>$344,310</td>
<td>$344,010</td>
<td>$343,710</td>
<td>$343,410</td>
<td>$343,110</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 6</th>
<th>YEAR 7</th>
<th>YEAR 8</th>
<th>YEAR 9</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nantal &amp; Administrative Expenses</td>
<td>$55,650</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$50,155</td>
<td>$61,959</td>
<td>$71,828</td>
<td>$83,268</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Fee</td>
<td>$45,361</td>
<td>$46,268</td>
<td>$47,193</td>
<td>$48,137</td>
<td>$49,100</td>
<td>$54,210</td>
<td>$59,852</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Parks &amp; Maintenance</td>
<td>$62,885</td>
<td>$63,712</td>
<td>$64,593</td>
<td>$66,331</td>
<td>$68,527</td>
<td>$79,441</td>
<td>$92,094</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utility &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,712</td>
<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
<td>$31,315</td>
<td>$36,302</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ter, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,699</td>
<td>$48,099</td>
<td>$49,501</td>
<td>$50,980</td>
<td>$59,306</td>
<td>$68,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Property Insurance Premiums</td>
<td>$28,700</td>
<td>$30,591</td>
<td>$31,509</td>
<td>$32,542</td>
<td>$33,428</td>
<td>$38,752</td>
<td>$44,924</td>
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<td></td>
<td></td>
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<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,965</td>
<td>$109,144</td>
<td>$112,418</td>
<td>$130,323</td>
<td>$151,040</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Serve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$27,045</td>
<td>$27,856</td>
<td>$32,393</td>
<td>$37,457</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Expenses</td>
<td>$74,522</td>
<td>$75,758</td>
<td>$79,060</td>
<td>$81,432</td>
<td>$83,875</td>
<td>$97,234</td>
<td>$112,721</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAL ANNUAL EXPENSES</td>
<td>$387,970</td>
<td>$405,109</td>
<td>$422,847</td>
<td>$441,061</td>
<td>$455,911</td>
<td>$572,392</td>
<td>$800,597</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>$319,144</td>
<td>$320,203</td>
<td>$321,028</td>
<td>$321,028</td>
<td>$321,028</td>
<td>$321,028</td>
<td>$321,028</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| DEBT SERVICE | | | | | | | | |
|-------------|--------|--------|--------|--------|--------|--------|--------||
| Debt Service | $210,040 | $210,040 | $210,040 | $210,040 | $210,040 | $210,040 | $210,040 |
| Cond Debt Service | $61,639 | $61,639 | $61,639 | $61,639 | $61,639 | $61,639 | $61,639 |

| NUAL NET CASH FLOW | $43,565 | $44,524 | $45,499 | $46,466 | $46,466 | $46,466 | $46,466 |
| NALVATIVE NET CASH FLOW | $43,565 | $44,524 | $45,499 | $46,466 | $46,466 | $46,466 | $46,466 |
| Debt Coverage Ratio | 1.16 | 1.16 | 1.16 | 1.17 | 1.17 | 1.17 | 1.17 |

| (Describe) | | | | | | | |
|-------------|--------|--------|--------|--------|--------|--------||
| (Describe) | | | | | | | |

Signed below (we) are certifying that the above 15 year pro forma is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for the year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for our pro forma under $211.461.1 to relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Phone: 972-495-1000

Email: benjamin.grie@cjwinc.com

Date

Signature, Authorized Representative, Syndicator

Printed Name

Date
# 15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

## INCOME

<table>
<thead>
<tr>
<th>INCOME</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>POTENTIAL GROSS ANNUAL RENTAL INCOME</td>
<td>$965,328</td>
<td>$984,635</td>
<td>$1,004,327</td>
<td>$1,024,414</td>
<td>$1,044,902</td>
<td>$1,153,656</td>
<td>$1,273,730</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>$15,444</td>
<td>$15,753</td>
<td>$16,068</td>
<td>$16,389</td>
<td>$16,717</td>
<td>$18,457</td>
<td>$20,378</td>
</tr>
<tr>
<td>POTENTIAL GROSS ANNUAL INCOME</td>
<td>$980,772</td>
<td>$1,000,387</td>
<td>$1,020,395</td>
<td>$1,040,803</td>
<td>$1,061,619</td>
<td>$1,172,113</td>
<td>$1,294,108</td>
</tr>
<tr>
<td>Provision for Vacancy &amp; Collection Loss</td>
<td>($73,558)</td>
<td>($75,020)</td>
<td>($76,530)</td>
<td>($78,060)</td>
<td>($79,621)</td>
<td>($87,908)</td>
<td>($97,958)</td>
</tr>
<tr>
<td>Rental Concessions</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFFECTIVE GROSS ANNUAL INCOME</td>
<td>$907,214</td>
<td>$925,358</td>
<td>$943,866</td>
<td>$962,743</td>
<td>$981,998</td>
<td>$1,084,205</td>
<td>$1,197,050</td>
</tr>
</tbody>
</table>

## EXPENSES

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>$55,050</td>
<td>$56,702</td>
<td>$58,403</td>
<td>$60,155</td>
<td>$61,959</td>
<td>$71,828</td>
<td>$83,268</td>
</tr>
<tr>
<td>Management Fee</td>
<td>$45,361</td>
<td>$46,268</td>
<td>$47,193</td>
<td>$48,137</td>
<td>$49,100</td>
<td>$54,210</td>
<td>$59,852</td>
</tr>
<tr>
<td>Payroll, Payroll Tax &amp; Employee Benefits</td>
<td>$128,520</td>
<td>$132,376</td>
<td>$136,347</td>
<td>$140,437</td>
<td>$144,650</td>
<td>$167,689</td>
<td>$194,398</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$60,885</td>
<td>$62,712</td>
<td>$64,593</td>
<td>$66,531</td>
<td>$68,527</td>
<td>$79,441</td>
<td>$92,094</td>
</tr>
<tr>
<td>Electric &amp; Gas Utilities</td>
<td>$24,000</td>
<td>$24,720</td>
<td>$25,462</td>
<td>$26,225</td>
<td>$27,012</td>
<td>$31,315</td>
<td>$36,302</td>
</tr>
<tr>
<td>Water, Sewer &amp; Trash Utilities</td>
<td>$45,300</td>
<td>$46,659</td>
<td>$48,059</td>
<td>$49,501</td>
<td>$50,986</td>
<td>$59,106</td>
<td>$68,520</td>
</tr>
<tr>
<td>Annual Property Insurance Premiums</td>
<td>$29,700</td>
<td>$30,591</td>
<td>$31,509</td>
<td>$32,454</td>
<td>$33,428</td>
<td>$38,752</td>
<td>$44,924</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$99,882</td>
<td>$102,878</td>
<td>$105,965</td>
<td>$109,144</td>
<td>$112,418</td>
<td>$130,323</td>
<td>$151,080</td>
</tr>
<tr>
<td>Reserve for Replacements</td>
<td>$24,750</td>
<td>$25,493</td>
<td>$26,257</td>
<td>$27,045</td>
<td>$27,856</td>
<td>$32,293</td>
<td>$37,437</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$74,522</td>
<td>$76,758</td>
<td>$79,060</td>
<td>$81,432</td>
<td>$83,875</td>
<td>$97,234</td>
<td>$112,721</td>
</tr>
<tr>
<td>TOTAL ANNUAL EXPENSES</td>
<td>$587,970</td>
<td>$605,155</td>
<td>$622,847</td>
<td>$641,061</td>
<td>$659,811</td>
<td>$762,192</td>
<td>$880,597</td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>$319,244</td>
<td>$320,203</td>
<td>$321,018</td>
<td>$321,682</td>
<td>$322,187</td>
<td>$322,013</td>
<td>$316,452</td>
</tr>
</tbody>
</table>

## DEBT SERVICE

<table>
<thead>
<tr>
<th>DEBT SERVICE</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
<th>YEAR 10</th>
<th>YEAR 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Deed of Trust Annual Loan Payment</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
<td>$214,040</td>
</tr>
<tr>
<td>Second Deed of Trust Annual Loan Payment</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
<td>61,639</td>
</tr>
<tr>
<td>Third Deed of Trust Annual Loan Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Annual Required Payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ANNUAL NET CASH FLOW</td>
<td>$43,565</td>
<td>$44,524</td>
<td>$45,339</td>
<td>$46,003</td>
<td>$46,508</td>
<td>$46,334</td>
<td>$40,773</td>
</tr>
<tr>
<td>CUMULATIVE NET CASH FLOW</td>
<td>$43,565</td>
<td>$88,090</td>
<td>$133,429</td>
<td>$179,432</td>
<td>$225,940</td>
<td>$458,044</td>
<td>$675,812</td>
</tr>
<tr>
<td>Debt Coverage Ratio</td>
<td>1.16</td>
<td>1.16</td>
<td>1.16</td>
<td>1.17</td>
<td>1.17</td>
<td>1.17</td>
<td>1.15</td>
</tr>
</tbody>
</table>

By signing below [we] are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Signature, Authorized Representative, Construction or Permanent Lender

Signature, Authorized Representative, Syndicator

Printed Name: [Your Name]
Date: [4/23/2019]
Phone: [Your Phone]
Email: [Your Email]

If a revised form is submitted, date of submission: [4/23/2019]
Pursuant to §11.4(a) of the Qualified Allocation Plan, the Department shall not allocate more than $3 million of Competitive Housing Tax Credits from the current Application Round to any Applicant, Developer, Affiliate or Guarantor (unless the Guarantor is also the General Contractor, and is not a Principal of the Applicant, Developer, or Affiliate of the Development Owner). All Applications must be identified herein to ensure that the Department is advised of all Applications, Applicants, Affiliates, Developers, General Partners or Guarantors involved to avoid any statutory violation of Texas Government Code, §2306.6711(b).

Instructions:
Complete Part I of this form. For each person or entity in Part I that answers "Yes" to Part I b., a Part II form must be submitted (i.e. if 4 persons/entities answer "Yes" to Part I b., then 4 separate Part II forms must be provided).

Part I. Applicant Credit Limit Documentation

<table>
<thead>
<tr>
<th></th>
<th>a. Applicant, Developers, Affiliates, and Guarantors - List below all entities or Persons meeting the definition of Applicant, Affiliate, Developer or Guarantor.</th>
<th>b. Person/entity has at least one other application in the current Application Round.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Churchill at Golden Triangle Community, L.P.</td>
<td>No</td>
</tr>
<tr>
<td>2.</td>
<td>Churchill Golden Triangle Community GP, LLC</td>
<td>No</td>
</tr>
<tr>
<td>3.</td>
<td>Churchill Senior Residential, LLC</td>
<td>No</td>
</tr>
<tr>
<td>4.</td>
<td>Bradley E. Forslund, Sole Member/Manager</td>
<td>No</td>
</tr>
<tr>
<td>5.</td>
<td>Churchill Senior Communities, L.P.</td>
<td>No</td>
</tr>
<tr>
<td>6.</td>
<td>Bradley E. Forslund, Sole Trustee</td>
<td>No</td>
</tr>
<tr>
<td>7.</td>
<td>J. Anthony Sisk, Sole Trustee</td>
<td>No</td>
</tr>
<tr>
<td>8.</td>
<td>Bradley E. Forslund, Inheritor’s Trust</td>
<td>No</td>
</tr>
<tr>
<td>9.</td>
<td>Tina M. Forslund, Inheritor’s Trust</td>
<td>No</td>
</tr>
<tr>
<td>10.</td>
<td>J. Anthony Sisk, Inheritor’s Trust</td>
<td>No</td>
</tr>
<tr>
<td>11.</td>
<td>L. Catherine Sisk, Inheritor’s Trust</td>
<td>No</td>
</tr>
<tr>
<td>12.</td>
<td>LifeNet Community Behavioral Healthcare</td>
<td>No</td>
</tr>
<tr>
<td>13.</td>
<td>Gary Keep, President</td>
<td>No</td>
</tr>
<tr>
<td>14.</td>
<td>Melissa Lewis, Secretary</td>
<td>No</td>
</tr>
<tr>
<td>15.</td>
<td>Cary Fitzgerald, Board Member</td>
<td>No</td>
</tr>
<tr>
<td>16.</td>
<td>Vernon Hunt, Board Member</td>
<td>No</td>
</tr>
<tr>
<td>17.</td>
<td>Ikenna Mogbo, Board Member</td>
<td>No</td>
</tr>
<tr>
<td>18.</td>
<td>Richard Buckley, Board Member</td>
<td>No</td>
</tr>
</tbody>
</table>

Individually, or as the General Partner(s) of officer(s) of the Applicant entity, I (we) certify that we are submitting behind this tab one signed Credit Limit Certification form for each person and/or entity that answered “Yes” to Part b. above.

By: [Signature]

Date: 4/23/2019

Its: Sole Member of the General Partner
Churchill at Golden Triangle Community, L.P.

TDHCA Application #19009

Phase I Environmental Site Assessment

Recommendations

PSI recommends that a noise study or mitigation be conducted regarding the traffic noise levels identified in the HUD Noise calculator worksheet. This is confirmation that we will do a noise study as well as mitigation to bring the noise decibels down from the 68.9284 at or below the HUD threshold level of 65 decibels.

Churchill Golden Triangle Community GP, LLC
a Texas limited liability company

By: LifeNet Community Behavioral Healthcare,
a Texas nonprofit corporation, its Sole Member

By: ________________________________
Gary Keep, President
Multifamily Finance Division staff will place scanned copies of scoring notices behind this tab in the application .pdf
Multifamily Finance Division staff will place documents related to Requests for Administrative Deficiencies behind this tab in the application .pdf
Real Estate Analysis Division staff will place scanned copies of RFI documents behind this tab in the application.pdf
Department staff will place scanned copies of appeal documents behind this tab in the application .pdf
Multifamily Finance Division staff will place scanned copies of public comment received behind this tab in the application .pdf
Multifamily Finance Division staff will place scanned copies of Commitment or Determination Notice documents behind this tab in the application .pdf
Multifamily Finance Division staff will place scanned copies of Direct Loan Program Award Letters behind this tab in the application .pdf
Multifamily Finance Division staff will place scanned copies of Carryover Allocation Agreement documents behind this tab in the application .pdf