



Travis County Commissioners Court Agenda Request TRAVIS COUNTY HOUSING FINANCE CORPORATION

Meeting Date: July 16, 2013

Prepared By/Phone Number: Andrea Shields, Manager/854-9116

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, Planning and Budget/854-9106

Commissioners Court Sponsor: Samuel T. Biscoe, President

AGENDA LANGUAGE:

Consider and take appropriate action on final structure of the Corporation's 9% tax credit loan program and authorize the President and Secretary to take actions necessary to negotiate documents and close loans under such program.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

See attached.

ISSUES AND OPPORTUNITIES: None.

FISCAL IMPACT AND SOURCE OF FUNDING: None.

REQUIRED AUTHORIZATIONS: Andrea Shields, Manager/854-9116;
Leslie Browder, County Executive, Planning and Budget/854-9106

Andrea Shields

From: Cameron Dorsey <cameron.dorsey@tdhca.state.tx.us>
Sent: Wednesday, June 19, 2013 11:07 AM
To: Bast, Cynthia L.
Cc: Andrea Shields; blount@namanhowell.com; AIglesias@gctproperties.com; rdeyoe@realtextdevelopment.com; jboyd@realtextdevelopment.com
Subject: RE: UGLG Funding

Cynthia,

We've reviewed with our legal division the below referenced memo, which outlines certain elements of a loan structure proposed to meet the requirements of Section 11.9(d)(3) of the Qualified Allocation Plan. We understand that the proposed structure differs from that originally contemplated in certain other publically available documents.

Based on the specific elements described in the memo, Department staff does not find that the proposed loan structure violates any specific provision of the above referenced rule such that the Applicant's elected points for a commitment of development funds from a unit of general local government would be in jeopardy. In order for the tax credit program to function effectively for all involved and to serve those in need, the Department and applicants must rely on each acting in good faith and within the rules. Staff appreciates the Applicant's effort to seek guidance on this subject matter. While the memo does not provide the level detail that will likely follow in the form of loan documents, staff does not foresee a specific need to further review the loan structure unless the Applicant would like additional assurances. However, certain documents may be required at future stages in the allocation process (e.g. Cost Certification).

Any final determination on issues of this nature are reserved for the Department's Governing Board and this email is therefore limited in this regard.

Please let me know if you have any additional questions or concerns.

Thank you,
Cameron

.....
Cameron F. Dorsey
Director, Multifamily Finance
Texas Department of Housing and Community Affairs Ph. 512.475.2213

-----Original Message-----

From: Bast, Cynthia L. [<mailto:clbast@lockelord.com>]
Sent: Wednesday, June 12, 2013 3:55 PM
To: Cameron Dorsey (cameron.dorsey@tdhca.state.tx.us)
Cc: andrea.shields@co.travis.tx.us; blount@namanhowell.com; Adrian Iglesias (AIglesias@gctproperties.com); rdeyoe@realtextdevelopment.com; jboyd@realtextdevelopment.com
Subject: UGLG Funding

Per your request, please see attached and provide a response.

Thank you.

PLEASE NOTE OUR NEW ADDRESS:

Cynthia Bast

Partner

Locke Lord LLP

600 Congress Avenue

Suite 2200

Austin, Texas 78701

T: 512-305-4707

F: 512-391-4707

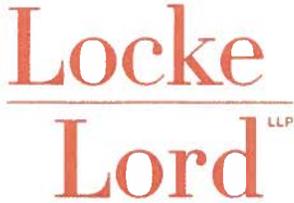
cbast@lockelord.com

www.lockelord.com

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Attorneys & Counselors

600 CONGRESS AVENUE
SUITE 2200
AUSTIN, TEXAS 78701

512-305-4700
512-305-4800
FAX 512-305-4700
<http://www.lockelord.com>

MEMORANDUM

TO: Cameron Dorsey, *Texas Department of Housing and Community Affairs*

FROM: Cynthia Bast

DATE: June 10, 2013

RE: Unit of General Local Government Funding

As you know, we represent TX RR620 Apartments, Ltd. ("**Applicant**"), which has applied for low-income housing tax credits for the Windy Ridge Apartments in Austin (the "**Development**"). Capitalized terms used but not defined in this memorandum shall have the meanings given them in the 2013 Uniform Multifamily Rules or Qualified Allocation Plan (the "**QAP**") promulgated by TDHCA. The Applicant received points on its Application for a commitment of funding by a Unit of General Local Government pursuant to Section 11.9(d)(3) of the QAP. The proposed funder would be the Travis County Housing Finance Corporation (the "**HFC**"), and a copy of the evidence of funding submitted with the Application is attached as Exhibit A.

The structure of the HFC's proposed funding to the Applicant has come under scrutiny due to wrongful interference by one of the Applicant's competitors. The purpose of this memorandum, submitted at your request, is to prove up that the Applicant's proposed financing structure absolutely meets every requirement of the QAP and to seek your confirmation of same.

2013 QAP Requirements

Section 11.9(d)(3) of the QAP contains five basic requirements for financing from a Unit of General Local Government to qualify for points on an Application:

1. The party providing the funding must be the city or county in which the Development is located or a qualified instrumentality of same.

2. The party providing the funding may not be a Related Party to the Applicant.
3. If the funding is in the form of a loan, it must be a construction and/or permanent loan with a term of at least five years and an interest rate no higher than 3%.
4. The funds utilized by the Unit of General Local Government may not have been first provided by the Applicant or a Related Party.
5. The Applicant must provide appropriate evidence in the Application that it has requested funding meeting the criteria set forth in the QAP.

Background

For many years, local housing finance corporations authorized under Section 394 of the Texas Local Government Code have been making loans for Housing Tax Credit Developments to allow Applicants to qualify for points under the applicable Qualified Allocation Plan. Because this is secondary financing, it typically is not secured by the real estate, due to the requirements of the first lender. Instead, the housing finance corporation usually takes a collateral deposit account, a letter of credit, and/or a guaranty as security for its loan. Often, the housing finance corporation does not have its own funds to be able to make these loans. Yet, in fulfillment of its public purpose, the housing finance corporation wants to be able to participate in supporting the development of affordable housing. Such housing finance corporations may seek a line of credit or loan from a commercial bank to provide them with the funds to make these loans. As security for a loan from a commercial bank, the housing finance corporation may assign to the bank its interests in the collateral that has been given to it by the applicable Applicant.

Windy Ridge Financing

The Applicant and the HFC have proposed financing that is consistent with this past practice and, more importantly, consistent with the requirements of the QAP. As evidenced by the letter attached as Exhibit A, the Applicant has requested a loan of \$1,800,000 with a term of at least five years and an interest rate no higher than 3% (the "HFC Loan"). Although it is not reflected on Exhibit A, it has been discussed that the HFC Loan would be secured by a collateral deposit account, a letter of credit and/or a guaranty (the "HFC Loan Security"). The HFC Loan Security could be accessed by the HFC only if the Applicant defaults on its obligations under the HFC Loan. Once the HFC Loan is repaid in full, the HFC Loan Security would be released to the Applicant. Terms of the HFC Loan have not been finalized at this time, and are not required to be finalized unless and until the Applicant receives a Commitment Notice. Moreover, counsel for the HFC has not prepared the forms of loan documents that would be used for the transaction. [*Note: We could attach sample forms, without obligating the HFC to use them, if the HFC and its counsel agree.*]

The HFC does not have sufficient funds to make a loan to the Applicant in the amount required. Therefore, the HFC will seek a loan or line of credit (the "Bank Loan") from a commercial bank

(the "Lending Bank") and use those funds from the Lending Bank to make the loan to Applicant. At this time, neither the Lending Bank nor the terms of the loan between the Lending Bank and the HFC have been finalized. However, based upon current discussions, it is anticipated that the terms of the Bank Loan would mirror the terms of the HFC Loan. In other words, the amount of the Bank Loan would be roughly equivalent to the amount of the HFC Loan. The repayment terms of the Bank Loan would be concurrent with the repayment terms of HFC Loan so that when the Applicant repays the HFC, the HFC can repay the Lending Bank. As mentioned above, the HFC would collaterally assign its interest in the HFC Loan Security to the Lending Bank to secure the Bank Loan.

The funding of this transaction would be well-documented and totally traceable. The Lending Bank would provide the funds to the HFC. The HFC would then provide the funds to the Applicant. Separate and apart, the Applicant would place funds into the collateral deposit account to establish the HFC Loan Security.

Meeting the 2013 QAP Requirements

There is no doubt that the proposed arrangement between the HFC and the Applicant meets all of the requirements of the QAP. The involvement of the Lending Bank to provide the funds to the HFC does not cause the arrangement to run afoul of the QAP. Please review each of the following:

1. *The party providing the funding must be the city or county in which the Development is located or a qualified instrumentality of same.*

The Development Site is in Travis County, outside the city limits of the City of Austin. Therefore, the county or an instrumentality of the county is an appropriate Unit of General Local Government. The Travis County Housing Finance Corporation is an appropriate instrumentality under Section 11.9(d)(3) of the QAP because all of the members of the Board of the HFC are county commissioners. This meets the requirement that at least 60% of the members of the Board of the HFC must be county commissioners. There is no question the HFC is a proper Unit of General Local Government for funding this loan.

2. *The party providing the funding may not be a Related Party to the Applicant.*

This language is new in the 2013 QAP and from prior discussions with TDHCA, it seems to be the primary source for TDHCA's concern. It needn't be. The definition of "Related Party" is attached as Exhibit B, and it is perfectly clear that the HFC is not a Related Party to the Applicant. The Applicant is a limited partnership, ultimately controlled by Mr. Adrian Iglesias and Mr. Rick Deyoe. The HFC, as described above, is a non-profit corporation instrumentality of Travis County and is ultimately controlled by its Board. Neither Mr. Iglesias nor Mr. Deyoe is a member of the Board of the HFC. Neither Mr. Iglesias nor Mr. Deyoe has any familial relationship with a member of the Board of the HFC. Conversely, none of the members of the Board of the HFC have any ownership or other interest in the Applicant.

The text of the definition of "Related Party" from Chapter 2306.6702(a)(11) of the Texas Government Code, attached as Exhibit B, has been annotated in red to show that none of its provisions create a relationship of Related Party between the Applicant and the HFC. It has been suggested by TDHCA that, if collateral of the Applicant were used by the HFC to obtain the Bank Loan, then the Applicant would essentially be the guarantor of the HFC's indebtedness and this would make the Applicant a Related Party to the HFC, violating the QAP. There is nothing in the QAP to substantiate this notion.

First, the collateral assignment of the HFC Loan Security being made by the Applicant to the HFC is an arms' length transaction that is standard for a commercial financing. The subsequent collateral assignment of the HFC Loan Security from the HFC to the Lending Bank, with the Applicant's permission, is similarly an arms' length transaction. This is not dissimilar from a standard Fannie Mae DUS loan, where a borrower gives a lender a security interest in its property and the lender then transfers the security interest to Fannie Mae in consideration for credit enhancement. This does not make the Applicant a guarantor of the HFC's debt. The Applicant is not signing a guaranty to the Lending Bank. It has no direct relationship with the Lending Bank. It is simply allowing its collateral to be utilized to facilitate the Bank Loan in a mutually beneficial transaction.

Moreover, even if the Applicant could be considered a guarantor of the HFC's debt, nothing in the QAP prohibits such a relationship. The QAP simply says that the Applicant cannot be a Related Party to the Unit of General Local Government. The definition of Related Party is very specific, and the descriptions in this memorandum conclusively prove that the Applicant and the HFC are not Related Parties. The QAP is satisfied, and TDHCA may not read more into the provision than is actually there.

However, to quell TDHCA's concern about the Applicant being a guarantor of the HFC, we propose that, despite the collateral assignment of the HFC Loan Security from the HFC to the Lending Bank, the Lending Bank will be permitted to access the HFC Loan Security only if the HFC defaults on payment of the Bank Loan because the Applicant has defaulted on payment of the HFC Loan. If the Applicant pays the HFC Loan but the HFC does not subsequently pay the Bank Loan, the HFC Loan Security will not be at risk to the Lending Bank. We do not believe such a restriction is required by the plain language of the QAP, but our client and the HFC are willing to make this concession if it gives TDHCA comfort.

In the agreement between the HFC and the Applicant, the HFC will require the Applicant to make payments by check or equivalent to the HFC in care of a lock box. A lock box is a common arrangement for commercial financing and regular contractual payments. The lock box is a post office box that can be accessed by the recipient's bank. The bank takes the payments and deposits them immediately in a bank account for the benefit of the recipient. This mitigates a risk of loss and ensures that funds received are deposited promptly. The lock box will be established with the Lending Bank. When the Applicant makes payment to the HFC, the Lending Bank will deposit those funds for the benefit of the HFC, repaying the Bank Loan.

Nothing in the QAP prohibits the HFC from obtaining a loan in order to provide funding to the Applicant. Nothing in the QAP regulates how a Unit of General Local Government utilizes collateral security given to it by an Applicant. If such restrictions were intended, the QAP should state this clearly. Absent such provisions, TDHCA cannot use the Related Party restriction to create a prohibition beyond the plain language of the rule.

3. *If the funding is in the form of a loan, it must be a construction and/or permanent loan with a term of at least five years and an interest rate no higher than 3%.*

The evidence provided at Exhibit A has already established that the Applicant has applied for a loan consistent with this requirement. There should be no further question here.

4. *The funds utilized by the Unit of General Local Government may not have been first provided by the Applicant or a Related Party.*

As noted above, Housing Tax Credit Applicants have been structuring loans with Units of General Local Government using collateral deposit accounts and letters of credit as security for years. It is reasonable for the Unit of General Local Government to want to be 100% secured in its loan. Commercial banking institutions want the same thing. If the Unit of General Local Government cannot have a lien on the real estate (which it often cannot, because the construction/permanent lender will not permit it), the Unit of General Local Government must look to other sources. Collateral assignments of deposit accounts, letters of credit, or stock ownership are common security vehicles. When the collateral assignment is a bank account, the cash must be held in escrow, and evidence of its continued existence can be obtained through regular monthly bank statements.

In the proposed transaction, the funds are absolutely traceable. This is aided by the fact that the HFC will obtain the funds to make the loan from the Lending Bank, not from the Applicant. The funds will come from the Lending Bank to the HFC and then the HFC can loan them to the Applicant. The Applicant will establish the HFC Loan Security separately. It will be held and evident during the life of the HFC Loan. Clearly, the funds being utilized for the HFC to make the loan to the Applicant are not being provided to the HFC by the Applicant. They are being provided to the HFC by the Lending Bank. The fact that the Applicant is allowing the HFC Loan Security to be utilized to facilitate the Bank Loan is irrelevant. The cash comprising the HFC Loan Security is not the cash being used to make the Bank Loan or the HFC Loan.

5. *The Applicant must provide appropriate evidence in the Application that it has requested funding meeting the criteria set forth in the QAP.*

There is no question that the Applicant has provided the required evidence. The points associated with this funding have been awarded, and there is no reason for them to be removed. The Applicant will need to prove up its commitment for the HFC Loan at the time it returns the Commitment Notice. So long as the HFC Loan commitment continues to meet the requirements of the QAP, the Applicant is eligible for these points.

Concluding Remarks

If TDHCA looks carefully at the terms of the Unit of General Local Government funding memorialized in this year's Applications, it will find that many Applicants contemplate loans using collateral deposit accounts or letters of credit as security. However, those Applications generally will not disclose when the Unit of General Local Government is obtaining the funding from an outside source. The QAP does not require such disclosure because the QAP does not prohibit such an arrangement.

Unfortunately, our client's competitor publicly attacked the proposed financing structure for Windy Ridge Apartments because the competitor wanted to advance its own interests. Our client has spent tens of thousands of dollars defending itself against these unwarranted claims and now briefing TDHCA on this proposed financial structure. The shroud of uncertainty must be lifted. The Applicant and the HFC need TDHCA's confirmation that nothing in the QAP prohibits the proposed transaction, at least in concept. If TDHCA wants to reserve the right for final approval of the loan documents, that is within the agency's right. If TDHCA finds a flaw in the proposed financing concept, it needs to tell us with specificity. Moreover, TDHCA needs to allow each Applicant to be on the same playing field. Our client should not be singled out for increased scrutiny or cost because a competitor decided to stir up a controversy. Other Applicants who anticipate using this same financing structure should not be kept in the dark if there is a legitimate concern as to whether the proposed financing structure meets the requirements of the QAP.

In conclusion, there is nothing in the QAP that denies a Unit of General Local Government the opportunity to seek outside financing in order to be able to make loans to Housing Tax Credit Applicants. If a Unit of General Local Government has the statutory authority to obtain such financing and the statutory authority to make such a loan, if the program is consistent with the Unit of General Local Government's public purpose and vetted in an appropriate public manner, there is nothing in the QAP to prohibit or disqualify an Applicant from receiving such a loan. We respectfully request your confirmation that the concept presented herein does not violate any QAP requirements.

Exhibit A

TRAVIS COUNTY HOUSING FINANCE CORPORATION

TRAVIS COUNTY ADMINISTRATION BUILDING
P.O. Box 1748
(512) 854-9116

700 LAVACA STREET – SUITE 1560
AUSTIN, TEXAS 78767
Fax (512) 854-4210

February 27, 2013

Mr. Rick Deyoe
TX RR620 Apartments, Ltd.
1101 S. Capital of Texas Highway
West Lake Hills, Texas 78746

RE: Acknowledgment of Loan Request for TDHCA Application #13071, Windy Ridge
Apartments, located at 10910 Ranch Road 620, Austin, Texas 78726

Dear Mr. Deyoe,

The Travis County Housing Finance Corporation (“TCHFC”) is excited about your new development plans for the Windy Ridge Apartments, to be located at 10910 Ranch Road 620, Austin, Texas 78726. The property is located within Travis County, which is within TCHFC’s jurisdiction.

Please accept this letter as official acknowledgement that TCHFC has received your funding request in the amount of One million eight hundred thousand dollars (\$1,800,000.00). TX RR620 Apartments, Ltd has requested this loan amount in the form of a construction/permanent loan with an interest rate no higher than 3 percent and term of at least 5 years. We acknowledge that a firm commitment for this loan is anticipated to be made on or before September 1, 2013.

On February 26, 2013 the TCHFC board of directors approved proceeding with a program to accept loan requests for 2013 9% Tax Credit developments and to proceed with the preparation of necessary documentation to extend such loans. TCHFC’s board consists of all four Travis County Commissioners and the Travis County Judge. If you need anything else from us, please do not hesitate to contact us.

Sincerely,



Samuel T. Biscoe
President

Exhibit B

Texas Government Code § 2306.6702(a)

(11) "Related party" means the following individuals or entities:

(A) the brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573;

Not applicable. Neither the Applicant nor the HFC is an individual. Further, there is no familial relationship between the individuals in control of the Applicant and the Board members controlling the HFC.

(B) a person and a corporation, if the person owns more than 50 percent of the outstanding stock of the corporation;

Not applicable. Neither an individual, nor a corporation with outstanding stock, is involved in this situation.

(C) two or more corporations that are connected through stock ownership with a common parent possessing more than 50 percent of:

(i) the total combined voting power of all classes of stock of each of the corporations that can vote;

(ii) the total value of shares of all classes of stock of each of the corporations; or

(iii) the total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

Not applicable. Neither the Applicant nor the HFC is a corporation with outstanding stock.

(D) a grantor and fiduciary of any trust;

Not applicable. Neither the Applicant nor the HFC involves a trust.

(E) a fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

Not applicable. Neither the Applicant nor the HFC involves a trust.

(F) a fiduciary of a trust and a beneficiary of the trust;

Not applicable. Neither the Applicant nor the HFC involves a trust.

(G) a fiduciary of a trust and a corporation if more than 50 percent of the outstanding stock of the corporation is owned by or for:

(i) the trust; or

(ii) a person who is a grantor of the trust;

Not applicable. Neither the Applicant nor the HFC involves a trust.

(H) a person or organization and an organization that is tax-exempt under Section 501(a), Internal Revenue Code of 1986 (26 U.S.C. Section 501), and that is controlled by that person or the person's family members or by that organization;

Not applicable. Neither the Applicant nor the HFC involves an individual or an organization that is tax-exempt under Section 501(a).

- (I) a corporation and a partnership or joint venture if the same persons own more than:
 (i) 50 percent of the outstanding stock of the corporation; and
 (ii) 50 percent of the capital interest or the profits' interest in the partnership or joint venture;

Not applicable. The HFC has no ownership and there is no relationship between the controlling parties of the Applicant and the HFC, as described in the memorandum.

- (J) an S corporation and another S corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

Not applicable. Neither the Applicant nor the HFC is an S corporation. Further, the HFC has no ownership.

- (K) an S corporation and a C corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

Not applicable. Neither the Applicant nor the HFC is an S corporation or a C corporation. Further, the HFC has no ownership.

- (L) a partnership and a person or organization owning more than 50 percent of the capital interest or the profits' interest in that partnership; or

Not applicable. As previously noted, there is no common ownership between the HFC and the Applicant.

- (M) two partnerships, if the same person or organization owns more than 50 percent of the capital interests or profits' interests.

Not applicable. The HFC is not a partnership.

7/9/2013



TRANSPecos BANKS
Texas Banking at its Best

Name: Andrea Shields, Karen Thigpen
Borrower: Travis County Housing Finance Corporation

I am pleased to inform you that TransPecos Banks ("Lender") is evaluating the possibility of extending a term loan ("Loan") to Travis County Housing Finance Corporation ("Borrower"), subject to the following terms and conditions:

A. Terms of Proposed Loan

1. Amount of Loan(s):

\$1,800,000.00

2. Interest Rate (Variable & Fixed):

Term Loan shall bear interest of 3.00% Fixed per annum

3. Maturity Date:

Term Loan will mature 60 months from the date of origination. Principal due in full at maturity.

4. Repayment Schedule:

Quarterly Interest Only Payments

5. Additional Charges:

\$18,000 origination fee

6. Collateral:

Unsecured.

The bank is researching a pledge agreement of funds securing Travis County Housing Finance Corporation upon event of default on loan from Travis County Housing Finance Corporation to TX RR620 Apartments, Ltd.

7. Guarantors:

None

8. Purpose:

Loan proceeds used to fund loan that will be made from Travis County Housing Finance Corporation to TX RR620 Apartments, Ltd. for the purpose of securing local financing as part of Windy Ridge Apartments construction project.

Loan is subject to underwriting and final approval.

C. Notice to Borrower:

This term sheet is for discussion purposes only and does not constitute a binding commitment to provide financing on the above referenced transaction. A commitment may be issued upon satisfactory site inspection, due diligence, underwriting and credit committee approval.

Andrea and Karen, we appreciate the opportunity to help your organization be involved in the Windy Ridge Apartments Project. We are excited for the tax credit allocation announcement later in the month and look forward to continuing to move this request towards final approval. Please contact me if you have any questions on the aforementioned outlined financing terms.

Very Truly Yours,



Al Borchelt

Senior Vice President, Commercial Lending

TRAVIS COUNTY HOUSING FINANCE CORPORATION

**RESOLUTION APPROVING TO LOAN BY CAPITAL AREA HOUSING
FINANCE CORPORATION TO ALLEGRE POINT, LTD. AND
EXPRESSING SUPPORT FOR PROJECT**

WHEREAS, Travis County Housing Finance Corporation ("TCHFC") is organized pursuant to the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the "Act");

WHEREAS, the TCHFC is authorized by the provisions of the Act to (a) lend money for its corporate purposes and invest and reinvest its funds; (b) borrow money at rates determined by TCHFC; and (c) pledge all or any part of the revenues, receipts or resources of TCHFC from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of TCHFC in order to secure the payment of the TCHFC's obligations; and

WHEREAS, the TCHFC intends to loan funds to TXRR620 Apartments, Ltd. (the "Borrower") in the amount of \$1,800,000 (the "Loan"), to help finance the acquisition and construction of a multifamily residential development located in Travis County, Texas, which development has received an award of tax credits for 2013 from the Texas Department of Housing and Community Affairs ("TDHCA"); and

WHEREAS, the Loan will be evidenced by (a) a promissory note from the Borrower to TCHFC (the "Note"); (b) Security Agreement between Borrower and TCHFC (the "Security Agreement"); (c) a Deposit Account Control Agreement among TCHFC, the Borrower and _____, a national banking association (the "Bank") (the "Deposit Account Control Agreement"); (d) a Guaranty Agreement between _____ and TCHFC (the "Guaranty Agreement") and (e) various other instruments, documents or certificates as may be necessary to make the Loan and grant sufficient collateral to TCHFC as determined by an officer of TCHFC (collectively with the Note, Security Agreement, Deposit Account Control Agreement and Guaranty Agreement, the "Loan Documents"); and

WHEREAS, drafts of the form of Note, Security Agreement, Deposit Account Control Agreement, Guaranty Agreement have been presented to the Board of Directors; and

WHEREAS, in order to provide funding for the Loan, TCHFC will borrow funds, up to the amount of \$1,800,000 (the "Funding Amount"), from the Bank;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TCHFC THAT:

1. TCHFC hereby determines to make the Loan to the Borrower.
2. TCHFC approves and authorizes the execution and delivery of a Commitment, in the form delivered to the Board for this meeting, to make the Loan to the Borrower and TDHCA. Any officer of TCHFC, acting alone and without the joinder of any other officer, is authorized to execute and deliver the Commitment to the Borrower and TDHCA, and on behalf of TCHFC, with such changes and

revisions as the officer executing the same shall deem appropriate and consistent with the intent of this Resolution.

3. TCHFC hereby approves and authorizes the execution, delivery and acceptance of the Loan Documents. Any officer of TCHFC, acting alone and without the joinder of any other officer, is authorized to execute and deliver the Loan Documents, and on behalf of TCHFC, with such changes and revisions as the officer executing the same shall deem appropriate and consistent with the intent of this Resolution.
4. TCHFC hereby approves borrowing the Funding Amount from the Bank, upon such terms as shall be determined by TCHFC's president and secretary, acting with the advice of the Corporation's counsel, so long as the repayment of such Funding Amount to the Bank is on a non-recourse basis and only from collateral that TCHFC may pledge to the Bank. Any officer of TCHFC is authorized to execute and deliver a note, collateral documents and other necessary instruments and documentation for the Funding Amount as may be required by the Bank, and on behalf of TCHFC, with such changes and revisions as the officer executing the same shall deem appropriate and consistent with the intent of this Resolution.
5. That the officer executing any Loan Document or document related to the Funding Amount is authorized (i) to negotiate definitive terms (not inconsistent with the terms described above) of the documents, instruments and agreements to be executed in connection with the foregoing transactions and (ii) to take such other actions for TCHFC as such officer considers appropriate toward completion of the transactions contemplated by these resolutions or performance of the obligations of TCHFC, under all documents, instruments and agreements authorized by these resolutions.
6. This Resolution shall be effective upon its passing.

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Travis County Housing Finance Corporation at a meeting held on the 16th day of July, 2013, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this 16th day of July, 2013.

Margaret Gomez, Secretary

**COMMITMENT FOR
LOAN TO TXRR620 Apartments, Ltd.
SUMMARY OF TERMS AND CONDITIONS
_____, 2013**

BORROWER: TXRR620 Apartments, Ltd.

PRINCIPAL AMOUNT: \$1,800,000 (the "Loan").

LENDER: Travis County Housing Finance Corporation (the "Lender")

PURPOSE: The Lender, acting by and through its governing body, has determined that making this Loan is within Lender's public purpose and has approved the Loan.

The proceeds of the Loan will be utilized to pay for costs associated with the development of _____ in _____, Texas, a development of affordable rental housing (the "Development").

TAX CREDITS: Construction of the Development will be financed, in part, with the proceeds of low-income housing tax credits ("Tax Credits") authorized under Section 42 of the Internal Revenue Code of 1986, as amended. Borrower has applied for a commitment of Tax Credits from the Texas Department of Housing and Community Affairs pursuant to its 2013 Qualified Allocation Plan [10 T.A.C. Chapter 11] (the "QAP"). This Loan allows Borrower to qualify for certain points under its Tax Credit application and Borrower and Lender intend this Loan to comply with the QAP. Capitalized terms used but not defined in this Commitment shall have the definitions given them in the QAP.

SOURCES: The funds used to make this Loan will not be: (1) first provided to Lender by Borrower or by the Applicant, Developer, Consultant, Related Party, or any individual or entity acting on behalf of the Application (as such terms are defined in the QAP), or (2) first provided to Lender from a federal source.

TERM: The Loan will be evidenced by a Promissory Note (the "Note"), which will mature five years after the date the Loan is made.

INTEREST RATE: The Loan shall bear interest at three percent (3%) per annum.

REPAYMENT: Interest will accrue and be payable _____. All principal will be due and payable _____.

GUARANTOR: Guaranty by _____. Such guaranty shall be evidenced by a Guaranty Agreement of even date with the Note.

COLLATERAL: In addition to the guaranty described above, the Loan shall be secured and collateralized by a pledge of a deposit account or certificate of deposit in accordance with the Texas Uniform Commercial Code. The amount in the

deposit account or the value of the certificate of deposit shall at all times equal or exceed 100% of the original principal amount of the Loan. The security documents associated with the collateral will provide that Lender may foreclose upon such collateral only in the event of a default on the Loan.

LENDER'S FEES: Lender's origination fees shall be _____.

This Summary of Terms and Conditions constitutes the commitment of Lender to make a loan to Borrower on the terms and conditions described above. Such commitment is conditioned upon: (1) Lender's receipt and approval of final form loan documents; (2) establishment of the collateral in a manner acceptable to Lender; (3) no material adverse change in Borrower or the Development or the circumstances surrounding Borrower's development of the Development that would, in Lender's reasonable discretion, make the Loan unacceptable to Lender; and (4) final approval of the transaction and all other sources of financing for the Development by Lender and Lender's counsel. Failure of such conditions will allow Lender to terminate this commitment.

Agreed as of the date first written above.

LENDER:

Travis County Housing Finance Corporation

BORROWER:

TXRR620 Apartments, Ltd.

By: _____,
its general partner

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PROMISSORY NOTE

\$1,800,000

September 1, 2013

FOR VALUE RECEIVED, the undersigned, TXRR620 Apartments, Ltd., a Texas limited partnership ("**Borrower**"), promises and agrees to pay to the order of Travis County HOUSING FINANCE CORPORATION, together with its successors and assigns and any subsequent holder of this Promissory Note ("**Lender**"), at its principal office located at 700 Lavaca, Suite 1560, Austin, Texas, 78701 or at such other place or places as it or the holders hereof may from time to time hereafter designate in writing, the principal sum of ONE MILLION EIGHT HUNDRED THOUSAND AND 00/100 DOLLARS (\$1,800,000) with accrued interest thereon, at the rate of three (3) % per annum (the "**Rate**"). The Rate shall be determined as of the date hereof and shall not fluctuate throughout the term hereof. Interest will be computed on the basis of a 365-day year and payable based upon the actual number of days elapsed.

This Promissory Note (this "Note"), the Security Agreement (the "Security Agreement"), the Deposit Account Control Agreement (the "Control Agreement"), and the Guaranty Agreement of _____ (the "Guaranty") dated of even date herewith (collectively, the "Loan Agreements"), all are intended to be performed in accordance with, and only to the extent permitted by, applicable law, including without limitation, all applicable usury laws. Notwithstanding anything herein to the contrary or in any of the other Loan Agreements, in no event shall the Rate or charges in the nature of interest payable pursuant to the terms of this Note and/or any of the other Loan Agreements be in excess of the highest legal rate for the time such indebtedness shall be outstanding and unpaid under the laws of the State of Texas (the "Maximum Rate"), and if, for any reason, interest or charges in the nature of interest in excess of the Maximum Rate shall be paid at any time, any such excess shall constitute and shall be treated as payments of principal and shall operate to reduce the principal balance by that amount (or, if this Note and all other indebtedness arising under or pursuant to the other Loan Agreements shall have been paid in full, refunded to Borrower). All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the Maximum Rate.

Accrued interest shall be payable quarterly, on the _____ day of _____, of each calendar year beginning on _____, and continuing quarterly thereafter until the principal has been paid in full. All outstanding amounts of principal, accrued but unpaid interest and other charges under this Note shall be due and payable on _____ (the "Maturity Date").

Borrower may prepay at any time before the Maturity Date the entire principal balance of this Note with accrued interest to the date of prepayment without penalty or premium.

An "Event of Default" shall occur if: (1) Borrower fails to pay quarterly interest payments or the entire outstanding principal balance hereunder, together with all accrued but unpaid interest, on the date when due, whether on the Maturity Date, upon acceleration or prepayment, or otherwise, (2) Borrower fails to perform any obligations or breaches any covenant of the Loan Agreements, and such failure or breach is not cured within ten (10) business days of Lender's notice to Borrower thereof, (3) any representation or warranties made by Borrower under this Note and/or the other Loan Agreements shall be false, misleading or erroneous in any material and adverse respect, or (4) if a receiver, liquidator or trustee of Borrower shall be appointed or if Borrower is adjudicated bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by Borrower or if any proceeding for the dissolution or liquidation of Borrower shall be

instituted; however, if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower, then upon the same not being discharged, stayed or dismissed within sixty (60) days. At any time upon the occurrence of an Event of Default, and during such period of time as an Event of Default continues, the entire principal of this Note remaining at that time outstanding and unmatured, together with the accrued interest thereon, shall become, at the election of the legal holder hereof, and without notice of such election, and without demand or presentment, all of which are expressly waived by Borrower, immediately due and payable at the place of payment aforesaid, anything contained herein or in the other Loan Agreements notwithstanding and Lender may foreclose on any collateral securing this Note and/or pursue any remedies available to Lender at law or in equity or pursuant to the Loan Agreements. Any past due principal balance, together with any past due installment of interest, shall after the due date bear interest at the lesser of: (1) the Maximum Rate, or (2) the annual rate of five percent (5%) plus the Prime Rate.

If any Event of Default occurs as hereinabove set forth, the failure of Lender promptly to exercise its option to declare the indebtedness remaining unmatured hereunder to be immediately due and payable shall not constitute a waiver of such right while such Event of Default continues, nor a waiver of such right in connection with any future Event of Default on the part of Borrower.

Borrower and Lender (1) agree that this Note shall be governed by the laws of the State of Texas; and (2) irrevocably and unconditionally (a) submit to exclusive personal jurisdiction of the federal courts situated in, and the state courts of Travis County, Texas, over any suit, action or proceedings arising out of or relating to this Note, and (b) waive any and all personal rights under the laws of any state to object to jurisdiction of the aforesaid courts.

If suit be brought to collect this Note or any part thereof, Borrower expressly agrees to pay all costs and expenses incurred by Lender hereof in the collection of the indebtedness evidenced by this Note, including reasonable attorney fees for any collection work, litigation or appeals incident thereto.

Except as otherwise provided in any of the Loan Agreements, (1) the makers, endorsers and guarantors hereof, and all other parties who may become liable for all or any part of this obligation, severally waive presentment for payment, protest, and notice of protest and of non-payment, and hereby expressly consent to any number of renewals or extensions of the time of payment thereof; and (2) any such renewals or extensions may be made without notice to any of said parties and without affecting their liability and said parties shall not be released from their liability hereon by reason of any forbearance or extension of time granted to Borrower or any subsequent owner or owners of the property pledged as security for this obligation, with or without notice to or the consent of any of said parties.

This Note is secured by the Security Agreement, Deposit Account Control Agreement, and by the Guaranty. The terms, conditions, agreements, covenants and obligations of the foregoing documents are expressly incorporated herein.

BORROWER AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) BETWEEN BORROWER AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED BY THIS NOTE.

THIS NOTE AND THE OTHER LOAN AGREEMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE

**OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.
THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

Lender and Borrower agree that time is of the essence under this Note and the other Loan Agreements.

Borrower and Lender agree that any notice given under this Note or any of the Loan Agreements shall be in writing and contain the information required by this Note, and shall be deemed served and given at the time of: (a) three (3) business days after deposit in a depository receptacle under the care and custody of the United States Postal Service, properly addressed to the address designated for such purpose by the addressee, postage prepaid, registered or certified mail with return receipt requested, (b) delivery to said designated address by a third party commercial delivery service, whether by overnight delivery or courier, or (c) receipt at the facsimile receiving facility of the addressee if transmitted by facsimile transmission. Notice given in any other manner will be effective only if and when received by the addressee. If notice is sent to Borrower, a copy shall be simultaneously sent to _____. Borrower's address and facsimile number for purposes of Notice under this Note are:

TXRR620 Apartments, Ltd.

[Signature appears on the following page]

Executed to be effective as of the date first set forth above.

BORROWER:

TXRR620 Apartments, Ltd.

By: _____, General Partner

By: _____

Name: _____

Title: _____

Security Agreement

Date: _____, 2013

Debtor: TXRR620 Apartments, Ltd.,
a Texas limited partnership

Debtor's Mailing Address: _____

Secured Party: Travis County Housing Finance Corporation,
a Texas public nonprofit corporation

Secured Party's Mailing Address: 700 Lavaca, Suite 1560
Austin, Texas 78701

Collateral: All of Debtor's right, title and interest in:

<u>Account Institution</u>	<u>Type of Account(s)</u>	<u>Account Number(s)</u>
_____	_____ _____	_____ _____

and all instruments, documents, agreements and other writings evidencing such account, all sums now or at any time hereafter on deposit therein, all sums now due or to become due with respect to such account and any and all renewals, replacements and proceeds thereof (hereinafter collectively called the "Account").

Obligation: Payment of that Promissory Note in the original principal amount of \$1,800,000, dated of even date herewith, executed by Debtor for the benefit of Secured Party (the "Note"), plus accrued interest thereon.

Debtor's Representations Concerning Debtor and Locations:

1. Debtor's state of organization is Texas; Debtor's name, as shown in its organizational documents, as may be amended from time to time, is exactly as set forth above; Debtor's organizational identification number is _____, and Debtor's federal tax identification number is _____.

2. Debtor's records concerning the Collateral are located at _____.

3. Debtor pledges and assigns as collateral and security for the Obligation and grants to Secured Party a security interest in the Collateral and all its proceeds to secure the Obligation and all renewals, modifications and extensions of the Obligation. Debtor authorizes Secured Party to file a financing statement describing the Collateral.

A. Debtor Represents and Warrants the following:

1. No financing statement covering the Collateral is filed in any public office except any financing statement in favor of Secured Party.
2. Debtor owns the Collateral and has the authority to grant this security interest, free from any setoff, claim, restriction, security interest or encumbrance.
3. All information about Debtor's financial condition is or will be accurate in all material respects when provided to Secured Party.
4. The Account is and will be the valid, legally enforceable obligation of the Account Institution.
5. If any Collateral or proceeds include obligations of third parties to Debtor, the transactions creating those obligations conform and will conform in all respects to applicable state and federal consumer credit law.
6. Debtor has full power, right and authority to execute and deliver this Agreement.

B. Debtor agrees to:

1. (a) Defend the Collateral against all claims adverse to Secured Party's interest; (b) pay all taxes imposed on the Collateral; and (c) keep the Collateral free from security interests and liens, except for security interests and liens in favor of Secured Party or for taxes not yet due.
2. Pay all Secured Party's reasonable expenses, including reasonable attorney's fees, incurred to obtain, preserve, perfect, defend and enforce this Security Agreement (the "Agreement") or the Collateral and to collect or enforce the Obligation. These expenses will bear interest from the date of advance at the rate stated in the Note for matured, unpaid amounts and are payable on demand at the place where the Obligation is payable. These expenses and interest are part of the Obligation and are secured by this Agreement.
3. Sign and deliver to Secured Party any documents or instruments, in form and content reasonably acceptable to Debtor, that Secured Party considers necessary to obtain, maintain and perfect this security interest in the Collateral, including without limitation, a Deposit Account Control Agreement by and between Debtor, Secured Party and Account Institution..
4. Promptly notify Secured Party of any Event of Default (as defined in the Note) and of any material change (a) in the Collateral; (b) in Debtor's name; (c) in Debtor's Mailing Address; (d) in the location of any Collateral; (e) in any other representation or warranty in this Agreement; and (f) that may affect this security interest.
5. (a) Maintain accurate records of the Collateral at the address set forth above; (b) furnish Secured Party any requested information related to the Collateral; and (c) permit Secured Party to inspect and copy all records relating to the Collateral.

6. Execute and maintain a Deposit Account Control Agreement by and between Debtor, Secured Party and Account Institution covering the Collateral in the form of the Deposit Account Control Agreement executed by such parties and dated as of the date hereof.

7. Preserve the liability of all obligors on the Collateral and preserve the priority of all security for the Collateral.

8. Promptly upon receipt of any funds payable with respect to the Account that are hereafter received by Borrower, which shall immediately upon receipt become subject to this Agreement, (a) segregate the funds from all other funds of Borrower; (b) hold such funds in trust for Lender; and (c) promptly pay such funds into the Account.

9. Throughout the term of the Note maintain in the Account a minimum balance equal to the original principal due and payable under the terms of the loan evidenced by the Note, plus an amount equal to the accrued interest on such principal over the life of the loan at the rate stated in the Note (the "Required Minimum Balance"); provided however, upon Debtor's timely payment of accrued interest on the loan at the rate stated in the Note, Debtor shall be allowed to reduce the Required Minimum Balance by a like sum upon written request to Secured Party and payment of any reasonable expenses incurred by Secured Party in connection with any such request to reduce the Required Minimum Balance.

C. Debtor agrees not to:

1. Sell, transfer or encumber any of the Collateral.
2. (a) Change its name or jurisdiction of organization; (b) merge or consolidate with any person; or (c) convert to a different entity without prior written consent of Secured Party in advance and taking action to continue the perfected status of the security interest in the Collateral.
2. Modify any agreement related to the Collateral.
3. Commingle the Collateral or any proceeds with any of Debtor's other funds or property.
4. Withdraw any money from the Account nor create any security interest or lien in or further assign the Account or any part thereof or close the Account

D. Risk of Loss: Debtor assumes all risk of loss to the Collateral.

E. Event of Default and Remedies:

1. If an Event of Default (as defined in the Note) exists, Secured Party may:
 - a. Demand, collect, convert, redeem, settle, compromise, receipt for, realize on, sue for and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires, or take control of any proceeds of the Collateral and apply the proceeds against the Obligation;
 - b. Without notice to Debtor withdraw the funds represented by the Account and covered by the Deposit Account Control Agreement and apply such funds to the payment of the

loan evidenced by the Note at such times and in such amounts as it shall in its discretion determine (absent an Event of Default, Secured Party shall have no authority to withdraw such funds);

c. Exercise any rights and remedies granted by law, this Agreement and/or the other Loan Agreements (as such term is defined in the Note); and

d. as Debtor's agent, make any endorsements with respect to the Collateral in Debtor's name and on Debtor's behalf.

3. Foreclosure of this security interest by suit does not limit Secured Party's remedies. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other. Secured Party's rights and remedies include all those granted by law and those specified in this Agreement.

4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any Event of Default does not waive any other default by Debtor. Secured Party's waiver of any right in this Agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

5. Secured Party has no obligation to collect any of the Collateral and is not liable for failure to collect any of the Collateral, for failure to preserve any rights pertaining to the Collateral, or for any act or omission on the part of Secured Party or Secured Party's officers, agents, or employees except willful misconduct, bad faith or fraud.

6. Secured Party has no obligation to satisfy the Obligation by attempting to collect the Obligation from any other person liable for it. Secured Party may release, modify, or waive any collateral provided by any other person to secure any of the Obligation or any guaranty of payment of the Obligation. If Secured Party attempts to collect the Obligation from any other person liable for it or releases, modifies or waives any collateral provided by any other person, it will not affect Secured Party's rights against Debtor. Debtor waives any right Debtor may have to require Secured Party to pursue any third person for any of the Obligation.

7. Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of the Note, or any other obligation owed to Secured Party by Debtor or any other person.

F. General

1. Debtor and Secured Party agree that any notice given under this Security Agreement or any of the Loan Agreements shall be in writing and contain the information required by this Security Agreement or the applicable Loan Agreement, and shall be deemed served and given at the time of: (a) three (3) business days after deposit in a depository receptacle under the care and custody of the United States Postal Service, properly addressed to the address designated for such purpose by the addressee, postage prepaid, registered or certified mail with return receipt requested, (b) delivery to said designated address by a third party commercial delivery service, whether by overnight delivery or courier, or (c) receipt at the facsimile receiving facility of the addressee if transmitted by facsimile transmission. Notice given in any other manner will be effective only if and when received by the addressee. If notice

is sent to Debtor, a copy shall be simultaneously sent to _____. Debtor's address and facsimile number for purposes of Notice under this Security Agreement are:

2. The Account shall constitute a "deposit account", and the pledge of and security interest herein granted in the Account as collateral for the Obligation are in accordance with Article 9 of the Texas Uniform Commercial Code.

3. The security interest herein granted will neither affect nor be affected by any other security for any of the Obligation. Neither extensions of any of the Obligation nor releases of any of the Collateral will affect the priority or validity of the security interest.

4. This Agreement binds, benefits, and may be enforced by the successors in interest of Secured Party and will bind all persons who become bound as debtors to this Agreement. Assignment of any part of the Obligation and Secured Party's delivery of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If such an assignment is made, Debtor will render performance under this Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or setoffs that Debtor could assert against Secured Party except defenses that cannot be waived. All representations, warranties and obligations are joint and several as to each Debtor.

5. This Agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.

6. The unenforceability of any provision of this Agreement will not affect the enforceability or validity of any other provision.

7. Debtor and Secured Party (a) agree that this Agreement shall be governed by the laws of the State of Texas; and (b) irrevocably and unconditionally (i) submit to exclusive personal jurisdiction of the federal courts situated in, and the state courts of Travis County, Texas, over any suit, action or proceedings arising out of or relating to this Agreement, and (ii) waive any and all personal rights under the laws of any state to object to jurisdiction of the aforesaid courts.

8. Interest on the Obligation secured by this Agreement will not exceed the Maximum Rate (as defined in the Note). Any interest in excess of the Maximum Rate will be credited on the principal of the Obligation or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Obligation or, if the principal of the Obligation has been paid, refunded. All interest paid or agreed to be paid to Secured Party shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of the Note so that the amount of interest on account of such indebtedness does not exceed the Maximum Rate. This provision overrides any conflicting provisions in this Agreement.

9. In no event may this Agreement secure payment of any debt subject to title IV of the Texas Finance Code or create a lien otherwise prohibited by law.

10. When the context requires, singular nouns and pronouns include the plural.

11. Any term defined in Title I of the Texas Business and Commerce Code and not defined in this Agreement has the meaning given to the term in the Code.

[Signature appears on the following page]

Executed to be effective as of the date first set forth above.

DEBTOR:

BORROWER'S CERTIFICATE

Reference is hereby made to that certain Promissory Note dated September 1, 2013 (the "Note") executed by TXRR620 Apartments, Ltd., a Texas limited partnership (the "Borrower"), payable to Travis County Housing Finance Corporation, a Texas public nonprofit corporation organized pursuant to Chapter 394 of the Texas Local Government Code ("Lender"), in the amount of \$1,800,000 (the "Loan") regarding the development by Borrower of _____ in _____, Travis County, Texas (the "Project"), and the related Security Agreement, Deposit Account Control Agreement and the Guaranty Agreement of _____, a Texas corporation, dated the same date as the Note (collectively, the "Loan Agreements").

Borrower hereby certifies, represents and warrants to, and covenants with Lender that as of the date of this Borrower's Certificate (i) each of the representations, warranties and covenants set forth in the Loan Agreements are true and correct in all material respects, and (ii) there has been no material adverse change in Borrower, the Project or the circumstances surrounding Borrower's development of the Project since the date of Borrower's application for the Loan.

[Signature Page Follows.]

Executed to be effective as of the date of the Note.

“BORROWER”

DEPOSIT ACCOUNT CONTROL AGREEMENT

This DEPOSIT ACCOUNT CONTROL AGREEMENT (this "Agreement"), dated as of _____ 2013, is executed by and among TXRR620 Apartments, Ltd., a Texas limited partnership ("Borrower"), Travis County Housing Finance Corporation, a Texas public nonprofit corporation organized pursuant to Chapter 394 of the Texas Local Government Code ("Lender"), and _____ a national banking association ("Agent").

BACKGROUND:

A. Lender has agreed to make a loan (the "Loan") to Borrower in the amount of ONE MILLION EIGHT HUNDRED THOUSAND AND 00/100 DOLLARS (\$1,800,000) (the "Loan Amount") to fund certain costs associated with the development by Borrower of _____ in _____, _____ County, Texas (the "Project");

B. Borrower maintains the Account(s) (defined below) at Agent's branch located at _____ ("Agent's Office").

C. Borrower has delivered to Lender (i) a Promissory Note (the "Note") and (ii) a Security Agreement (the "Security Agreement"), both dated of even date herewith, pursuant to which Borrower granted to Lender a security interest in the Account and all funds now or at any time hereafter held in the Account.

D. The parties hereto (collectively, the "Parties") are entering into this Agreement to perfect Lender's security interest under the Security Agreement.

TERMS:

1. **The Account.** Agent maintains a deposit account(s) for Borrower under account number(s) _____ (collectively (if more than one account) or singularly (if one account), the "Account"). The Parties agree that the Account is a "deposit account" within the meaning of Article 9 of the Uniform Commercial Code of the State of Texas (the "UCC").

2. **Control.** Borrower hereby absolutely, irrevocably and unconditionally authorizes and instructs Agent that, promptly upon Agent's receipt of a written notice at the Agent's Office from Lender that an Event of Default (as defined in the Note) has occurred or that the Loan has matured in accordance with its terms and that Lender is thereby exercising exclusive control over the Account (the "Notice of Exclusive Control"), Agent shall: (a) neither accept nor comply with any order, instruction or request from Borrower for the payment of any funds from the Account to any third person nor permit Borrower to withdraw any funds in the Account without the specific prior written consent of Lender; and (b) comply with all written orders originated by Lender concerning the Account and all other written requests or instructions from Lender regarding disposition and/or delivery of funds contained in the Account, including instructions to pay funds contained in the Account to Lender, without further consent or direction from Borrower and without regard to any inconsistent or conflicting orders or directions given to Agent by Borrower. At all times during the effectiveness of this Agreement, Borrower further hereby absolutely, irrevocably and unconditionally instructs, and Agent hereby agrees, that Agent shall not comply with any orders or other instructions concerning the Account, from any third party (except for Notices of Exclusive Control from Lender) without the prior written consent of Lender and Borrower. Prior to the receipt of a Notice of Exclusive Control by Agent at the Agent's Office, Agent shall accept and execute orders and instructions from Borrower with respect to the deposit of any funds in the Account, but shall not comply with any orders or instructions for the withdrawal or payment of any funds from the Account or to close the Account without the prior written consent of Lender. Borrower agrees

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that until Lender has notified Agent in writing that this Agreement, or its security interest in the Account, is terminated, Borrower (i) shall not be entitled to close the Account or make any withdrawals or payments from the Account, and (ii) shall maintain in the Account a minimum amount equal to the original principal due and payable under the terms of the Loan evidenced by the Note, plus anticipated accrued interest on such Loan over the life of the Loan at the rate stated in the Note (the "Required Minimum Balance"); provided however, upon Borrower's timely payment of accrued interest on the Loan at the rate stated in the Note, Borrower shall be allowed to reduce the Required Minimum Balance by a like sum upon written request to Lender and payment of any reasonable expenses incurred by Lender in connection with any such request to reduce the Required Minimum Balance. Agent shall have no duty to know or inquire as to Borrower's compliance with the foregoing Required Minimum Balance.

3. Subordination of Agent's Security Interest. Agent hereby subordinates all security interests, encumbrances, claims and rights of setoff it may have, now or in the future, against the Account or any funds in the Account, other than in connection with (i) the payment of Agent's customary fees and charges pursuant to its agreement with Borrower, (ii) the reversal of provisional credits, (iii) any item deposited to the Account and returned unpaid, or with respect to which Agent fails to receive final settlement, whether for insufficient funds or for any other reason, including but not limited to the claim of a forged instrument; (iv) any item deposited to the Account which is subject to a claim against Agent of breach of transfer or presentment warranty under the Uniform Commercial Code, as adopted in the applicable state; (v) any automated clearing house entry credited to the Account and returned unpaid or subject to an adjustment entry under applicable clearing house rules, whether for insufficient funds or for any other reason; (vi) any credit to the Account from a merchant card transaction, against which a contractual demand for chargeback has been made, and (vii) any credit to the Account made in error, to the security interest in the Account granted to Lender pursuant to the terms of the Security Agreement. Items, entries, and transactions described in clauses (i) through (vii) of this paragraph are hereinafter collectively referred to as "Returned Items".

Borrower agrees to pay the Agent for all Returned Items and for all service charges, returned check fees and any other charges to which the Agent may be entitled for servicing and maintaining the Account (collectively with Returned Items, the "Charges") and authorizes Agent to charge other accounts maintained with Agent by the Borrower for such Charges. In the event that there are insufficient collected funds on deposit in such other accounts to pay the Charges, Borrower and Lender agree that Agent may debit the Account the amount of such Charges subject to Borrower's obligation to continue to maintain the Required Minimum Balance. With respect to any Returned Item, if Borrower fails to repay the Agent in accordance with the preceding sentence, then Lender shall repay the Agent the amount of such Returned Item within ten (10) Business Days of receipt of written demand for such payment, provided that (i) such demand is received within forty-five (45) days of the date such Returned Item was credited to the Account, and (ii) Lender or its designee received the proceeds of such Returned Item.

4. Statements, Confirmations and Notices of Adverse Claims. Agent will send copies of all statements concerning the Account to each of Borrower and Lender at the address set forth in the signature blocks of this Agreement. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account, Agent will make reasonable efforts to promptly notify Lender and Borrower thereof.

5. **Agent's Responsibility.** Except for acting on Borrower's instructions in violation of Section 2 above, Agent shall have no responsibility or liability to Lender for complying with instructions concerning the Account from Borrower or Borrower's authorized representatives which are received by Agent before Agent receives a Notice of Exclusive Control and has had reasonable opportunity to act on it. Agent shall have no responsibility or liability to Borrower for complying with a Notice of Exclusive Control or complying with instructions concerning the Account originated by Lender, and shall have no responsibility to investigate the appropriateness of any such instruction or Notice of Exclusive Control, even if Borrower notifies Agent that Lender is not legally entitled to originate any such instruction or Notice of Exclusive Control. Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Agreement and any Notices of Exclusive Control, whether or not an original or a copy of such agreement has been provided to the Agent; and Agent shall have no duty to know or inquire as to the performance or non-performance of any provision of any such agreement, instrument or document.

6. **Indemnity.** Borrower hereby agrees to indemnify and hold harmless Agent, its directors, officers, agents and employees from and against any and all claims, causes of action, liabilities, lawsuits, demands and damages (excluding consequential, special and indirect damages), including without limitation, any and all court costs and reasonable attorney's fees, in any way related to or arising out of or in connection with this Agreement or any action taken or not taken pursuant hereto, except to the extent caused by Agent's gross negligence or willful misconduct or Agent's breach of any of the provisions hereof. Lender, to the extent permitted by applicable law, hereby agrees to indemnify and hold harmless Agent, its directors, officers, agents and employees from and against any and all claims, causes of action, liabilities, lawsuits, demands and damages (excluding consequential, special and indirect damages), including without limitation, any and all court costs and reasonable attorney's fees, in any way related to or arising out of or in connection with Agent's having complied with any written orders originated by Lender concerning the Account or instructions from Lender regarding disposition and/or delivery of funds contained in the Account pursuant to this Agreement, provided that Agent shall not be so indemnified for its own gross negligence or willful misconduct.

The parties hereto agree that the Agent's sole responsibility to Lender, Borrower or any third party for errors made by the Agent in processing any deposits shall be to process a correcting entry in the next regularly scheduled processing of the work after receipt of notification from Lender, Borrower or any third party of such error or after discovery of such error by the Agent, as the case may be, unless such error was due to the Agent's gross negligence or willful misconduct. The Agent shall not be liable for any damage or loss resulting from any delay or failure of performance arising out of the acts or omissions of any third parties, including, but not limited to, various communication services, courier services, the Federal Reserve System, any other bank or any third party who may be affected by funds transactions, fire, mechanical, computer or electrical failures or other unforeseen contingencies, strikes or other causes beyond the reasonable control of the Agent. In no event shall Agent be liable for lost profits or consequential, special, indirect or punitive damages, even if Agent has been advised of the possibility of the foregoing, but shall be liable for direct damages attributable to Agent's gross negligence or willful misconduct.

7. **Customer Agreement.** In the event of a conflict between this Agreement and any other agreement between Agent and Borrower relating to the Account, the terms of this Agreement will prevail.

8. Termination. Unless earlier terminated by Agent pursuant to this section, this Agreement shall continue in effect until Lender has notified Agent in writing that this Agreement, or its security interest in the Account, is terminated. Upon receipt of such notice, (a) the obligations of Agent hereunder with respect to the operation and maintenance of the Account shall terminate, (b) Lender shall have no further right to originate instructions concerning the Account, and (c) any previous Notice of Exclusive Control delivered by Lender shall be deemed to be of no further force and effect. Agent reserves the right to terminate this Agreement, such termination to be effective thirty (30) days after written notice thereof is given to Borrower and Lender.

9. Complete Agreement; Amendments. This Agreement and the instructions and notices required or permitted to be executed and delivered hereunder set forth the entire agreement of the Parties with respect to the subject matter hereof, and, subject to Section 7 above, supersede any prior agreement and contemporaneous oral agreements of the Parties concerning its subject matter. No amendment, modification or (except as otherwise specified in Section 8 above) termination of this Agreement, nor any assignment of any rights hereunder (except to the extent contemplated under Section 12 below), shall be binding on any Party hereto unless it is in writing and is signed by each of the Parties hereto, and any attempt to so amend, modify, terminate or assign (except pursuant to such a writing) shall be null and void. No waiver of any rights hereunder shall be binding on any Party hereto unless such waiver is in writing and signed by the Party against whom enforcement is sought.

10. Governing Law. The Parties (1) agree that this Agreement shall be governed by the laws of the State of Texas; and (2) irrevocably and unconditionally (a) submit to exclusive personal jurisdiction of the federal courts situated in, and the state courts of Travis County, Texas, over any suit, action or proceedings arising out of or relating to this Agreement, and (b) waive any and all personal rights under the laws of any state to object to jurisdiction of the aforesaid courts

11. Severability. To the extent a provision of this Agreement is unenforceable, this Agreement will be construed as if the unenforceable provision were omitted.

12. Successors and Assigns. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors or heirs and personal representatives. This Agreement may be assigned by Lender to any successor of Lender under its security agreement with Borrower, provided that written notice thereof is given by Lender to Agent.

13. Notices. Except as otherwise expressly provided herein, any notice, order, instruction, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means and electronic confirmation of error-free receipt is received or upon receipt of notice sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the Party at the address set forth next to such Party's signature block set forth in this Agreement. Any Party may change its address for notices in the manner set forth above.

14. Jury Waiver. BORROWER WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

15. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any Party hereto may execute this Agreement by signing and delivering one or more counterparts.

16. **Interpleader.** If at any time the Agent, in good faith, is in doubt as to the action it should take under this Agreement, the Agent shall have the right to commence an interpleader action at the Borrower's sole and reasonable cost and expense and to take no further action except in accordance with joint instructions from Lender and Borrower or in accordance with the final order of the court in such action.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Agreement to be effective as of the date first set forth above.

BORROWER:

Address: _____

LENDER:

Travis County Housing Finance Corporation,
a Texas public nonprofit corporation

By: _____
Name: _____
Title: _____

Address: 700 Lavaca, Suite 1560
Austin, Texas 78701

AGENT:

a national banking association

By: _____
Name: _____
Title: _____

Address: _____

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT ("Guaranty Agreement"), is made as of _____, by _____, a Texas corporation ("Guarantor"), to and for the benefit of Travis County Housing Finance Corporation, a Texas public nonprofit corporation organized pursuant to Chapter 394 of the Texas Local Government Code ("Lender").

RECITALS

A. Lender has agreed to make a loan (the "Loan") to TXRR620 Apartments, Ltd., a Texas limited partnership ("Borrower"), in the amount of ONE MILLION EIGHT HUNDRED THOUSAND AND 00/100 DOLLARS (\$1,800,000) (the "Loan Amount") to fund certain costs associated with the development by Borrower of _____ in _____, Travis County, Texas (the "Project");

B. Borrower has delivered to Lender (i) a Promissory Note (the "Note"), (ii) a Security Agreement, and (iii) a Deposit Account Control Agreement, each dated of even date herewith (the "Loan Agreements"), which establish certain rights and obligations of the parties with respect to the Loan;

C. Guarantor expects to receive substantial direct and indirect benefits as the result of Lender making the Loan; and

D. To induce Lender to make the Loan, Guarantor has agreed to guarantee to Lender the payment of all obligations of Borrower under the Loan Agreements;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor and Lender hereby agree as follows:

1. Until such time as the obligations under the Note and the other Loan Agreements shall have been fully paid and performed, Guarantor guarantees the due and punctual payment and performance of each of the obligations of Borrower under the Loan Agreements (the "Obligations").

2. Except as otherwise provided herein or in the Loan Agreements, Guarantor expressly waives diligence, presentment, protest, notice of dishonor, demand for payment, extension of time of payment, notice of acceptance of this Guaranty Agreement, nonpayment at the maturity date and indulgences and notices of every kind, and consents to any and all forbearances and extensions of the time of payment under the Loan Agreements as therein or otherwise provided, and to any and all changes in the terms, covenants and conditions thereof, hereafter made or granted, and to any and all substitutions, exchanges or releases of all or any part of the collateral therefor, it being the intention hereof that Guarantor shall remain liable hereunder until such time as the Obligations shall have been fully paid.

3. Until such time as the Obligations shall have been fully paid, Guarantor waives all claims, rights or remedies which Guarantor may now have or hereafter acquire against Borrower arising hereunder or from the performance by Guarantor of any of its obligations hereunder, including without limitation, any claim, right or remedy of subrogation, reimbursement, exoneration, contribution, indemnification or participation in any claim, right or remedy of Lender against Borrower or any security Lender now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, by contract, by statute, under common law or otherwise.

4. Guarantor agrees that, upon the occurrence of an Event of Default, as defined in the Note, and during such period of time as such Event of Default continues, this Guaranty Agreement may be enforced by Lender. Guarantor shall immediately upon written demand by Lender, pay the amount due or perform the Obligations in accordance with the terms of this Guaranty Agreement and the other Loan Agreements. At any sale of the security or collateral for the payment and performance of the Obligations or any part thereof, Lender may, at its discretion, purchase all or any part of such collateral so sold or offered for sale for its own account and shall apply against the amount bid

therefor an equal amount of the balance due it pursuant to the terms of the Loan Agreements as a credit against the indebtedness, but not, in any event, in excess of the maximum amount permitted by applicable usury law.

5. Guarantor agrees that its obligations to make payment in accordance with the terms of this Guaranty Agreement shall not be impaired, modified, changed, released or limited in any manner whatsoever by an impairment, modification, change, or release or limitation of the liability of, or stay of actions or lien enforcement proceedings against, Borrower, its property, or its estate in bankruptcy resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other similar statute, or from the decision of any court.

6. Guarantor agrees that in the event this Guaranty Agreement is placed in the hands of an attorney for enforcement, Guarantor will pay Lender on demand for all reasonable expenses incurred, including reasonable attorneys' fees.

7. This Guaranty Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors, personal representatives and assigns. Guarantor may not assign the Guaranty Agreement and/or any of its rights and/or obligations hereunder to any other party without the prior written consent of Lender.

8. Guarantor and Lender agree that any notice given under this Guaranty Agreement or any of the Loan Agreements shall be in writing and contain the information required by this Guaranty Agreement or the applicable Loan Agreement, and shall be deemed served and given at the time of: (a) three (3) business days after deposit in a depository receptacle under the care and custody of the United States Postal Service, properly addressed to the address designated for such purpose by the addressee, postage prepaid, registered or certified mail with return receipt requested, (b) delivery to said designated address by a third party commercial delivery service, whether by overnight delivery or courier, or (c) receipt at the facsimile receiving facility of the addressee if transmitted by facsimile transmission. Notice given in any other manner will be effective only if and when received by the addressee. If notice is sent to Guarantor, a copy shall be simultaneously sent to _____. Guarantor's address and facsimile number for purposes of Notice under the Guaranty Agreement are:

9. Guarantor agrees that this is a present and continuing undertaking and guaranty of punctual payment and performance of the Obligations, not a guaranty of collection, and that the obligations of Guarantor hereunder shall be absolute, unconditional and irrevocable under any and all circumstances, without regard to the validity, regularity or enforceability of the Loan Agreements, a true copy of each of said documents Guarantor hereby acknowledges having received and reviewed.

10. Guarantor and Lender agree that this Guaranty Agreement shall be construed in accordance with the internal laws of The State of Texas.

11. Guarantor represents and warrants that, to Guarantor's knowledge, (a) the execution of this Guaranty Agreement will not result in a violation of any law, regulation, administrative order or court decree to which Guarantor is subject or a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, note, loan agreement, consent, or other agreement or instrument to which Guarantor is a party, (b) this Guaranty Agreement is a valid and legally binding instrument for the purposes herein expressed, and (c) this Guaranty Agreement is the legal, valid, binding, and enforceable obligation of Guarantor in accordance with its terms.

12. Guarantor and Lender agree that if any term or provision of this Guaranty Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Guaranty Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Guaranty Agreement shall be valid and enforceable to the fullest extent permitted by law. The rights of Lender hereunder shall be in addition to all other rights of Lender under the other Loan Agreements or as permitted by law.

13. Guarantor and Lender irrevocably and unconditionally (a) submit to exclusive personal jurisdiction of the federal courts situated in, and the state courts of Travis County, Texas, over any suit, action or proceedings arising out of or relating to this Guaranty Agreement, and (b) waive any and all personal rights under the laws of any state to object to jurisdiction of the aforesaid courts.

14. GUARANTOR AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) BETWEEN GUARANTOR AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS GUARANTY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTY AGREEMENT.

15. THIS GUARANTY AGREEMENT AND THE OTHER LOAN AGREEMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

16. Lender and Guarantor intend to conform strictly to the applicable usury laws. All agreements between Lender and Guarantor (or any other party liable with respect to any indebtedness under this Guaranty Agreement and the other Loan Agreements) are hereby limited by the provisions of this Section 16 which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including but not limited to prepayment, default, demand for payment, or acceleration of the maturity of any obligation), shall the interest contracted for, charged, or received under the Note otherwise exceed the maximum rate of interest chargeable under applicable law (the "Maximum Rate"). If, from any possible construction of any document, interest would otherwise be payable to Lender in excess of the Maximum Rate, any such construction shall be subject to the provisions of this section and such document shall be automatically reformed and the interest payable to Lender shall be automatically reduced to the Maximum Rate, without the necessity of execution of any amendment or new document. If Lender shall ever receive anything of value which is characterized as interest under applicable law and which would apart from this provision be in excess of the Maximum Rate, an amount equal to the amount which would have been excessive interest shall at the option of Lender, be refunded to Guarantor or applied to the reduction of the principal amount owing hereunder in the inverse order of its maturity and not to the payment of interest. The right to accelerate maturity of the Note or any other indebtedness does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or receive any unearned interest in the event of acceleration. All interest paid or agreed to be paid to Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the Maximum Rate.

17. Lender and Guarantor agree that time is of the essence under this Guaranty Agreement and the other Loan Agreements.

[Signature appears on the following page]

IN WITNESS WHEREOF, Guarantor has duly executed this instrument as of the day and year hereinabove written.

GUARANTOR: