

HARRIS COUNTY HOUSING FINANCE CORPORATION

Rules for Financing Multi- Family Rental Residential Developments

Effective September 26, 2024

I. PURPOSE AND SCOPE

A. Harris County Housing Finance Corporation (the “Corporation”) was created as a public non profit corporation under the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “Act”). The Act authorizes the Corporation to issue its revenue notes and bonds (collectively referred to herein for convenience as “bonds”) for the purpose, among others, of providing financing for multi-family rental residential developments intended to be occupied substantially (at least 90 percent) by persons of low and moderate income (each, a “Residential Development”, and collectively, “Residential Developments”). The Board of Directors of the Corporation (the “Board”) has adopted these Rules to set forth the general requirements and procedures applicable to the financing of such Residential Developments by the Corporation.

B. These Rules apply to specific Residential Developments for which an Applicant (as hereinafter defined) requests the Corporation to issue bonds to provide financing. In addition, these Rules apply in the case of amendments to an existing bond issue that results in a “reissuance” under federal income tax rules or a “refunding” under state law. Certain portions of these Rules differ depending on whether the bonds will be issued for the purpose of new construction, acquisition and rehabilitation of an existing Residential Development or for refunding bonds previously issued by the Corporation. These Rules do not apply to any bonds issued by the Corporation for the purpose of making or acquiring home mortgages (as defined in the Act) or for making loans to lending institutions for the purpose of making or acquiring home mortgages.

C. Specific provisions of these Rules may be waived by a majority vote of the Board where good cause is shown and adequate supporting documentation is provided.

D. These Rules may be amended, revised, repealed or otherwise altered by the Board at any time and from time to time and with or without notice.

II. GENERAL REQUIREMENTS

The Corporation shall not issue bonds to provide financing for any Residential Development unless the owner of such Residential Development (the “Applicant”) has satisfied the general requirements set forth in this Article II. The Corporation reserves the right to impose additional specific requirements with respect to any particular Residential Development. Compliance with these Rules does not and shall not be deemed to constitute a commitment or assurance that financing will be provided by the Corporation.

A. Location. The Residential Development shall be located entirely within the boundaries of Harris County, Texas. **An Applicant will be required to satisfy the Review Criteria set forth in the County’s “Affordable Multi-unit Family and Senior Housing Concentration Policy”, as it shall be amended.** The County’s current concentration policy is posted at [HC Affordable Multi-Unit Family and Senior Housing Concentration Policy 11_7_2023.pdf \(hctxdnprd.azurewebsites.net\)](https://hctxdnprd.azurewebsites.net/HC_Affordable_Multi-Unit_Family_and_Senior_Housing_Concentration_Policy_11_7_2023.pdf)

B. Notice Regarding Proposed Financing; Property Tax Exemption or Abatement. The Applicant shall provide written notice of the proposed financing, in the form provided as Exhibit “D” to (i) the superintendent of the school district in which the Residential Development is located (the “School District”); (ii) the County Commissioner in whose precinct the Residential Development is located (the “County Commissioner”); (iii) if the Residential Development is located within the city limits of the City of Houston, the Councilmember in whose district the Residential Development is located (the “Councilmember”) and the Director of the Housing and Community Development Department of the City of Houston (“Housing and Community Development”); (iv) if the Residential Development is located in a city in Harris County other than Houston, the mayor or city manager of such city (the “City”); (v) a representative of each homeowners, civic and neighborhood association located within one mile of the Residential Development (unless a natural boundary such as a bayou or freeway should intervene) (the “Associations”); and (vi) the Harris County Community Services Department (“Harris County”) (the foregoing parties are hereinafter referred to as the “Applicable Representatives”) providing information about the Residential Development, including the anticipated ad valorem tax impact and other relevant information concerning the Residential Development and its anticipated effect on the surrounding area (the “Pre-Application Notice”). Evidence of compliance with the Pre-Application Notice requirement shall be provided to the Corporation at the time an Application for Financing is filed with the Corporation in the form of a copy of the notice and a copy of the certified mail receipt, overnight mail receipt, or confirmation letter from the recipient. Identification of the Associations shall be the sole responsibility of the Applicant.

At least seven (7) days prior or such shorter period allowed by federal tax law to the date of the public hearing described in Paragraph F of Article III of these Rules, or for a taxable financing, at such time as required by the Corporation or counsel to the Corporation, the Applicant shall send a copy of the notice of such public hearing, or for a taxable financing, some other form of notice, to the Applicable Representatives (the "Public Hearing Notice") and shall inform such entities that a representative may appear and provide comments to the Corporation at the time of the public hearing. Evidence of such notification by the Applicant shall also be provided to the Corporation and Harris County.

Any Applicant that expects to seek an ad valorem tax exemption or reduction with respect to a Residential Development must also review and comply with the Texas Tax Code, including without limitation Sections 11.182, 11.1825 and 11.1826 thereof, and with the current policies and requirements of Harris and, if applicable, the City.

The Applicant shall provide the Pre-Application Notice and the Public Hearing Notice allowing sufficient time for such entities to review and comment on the information provided and to ask any additional questions which they may have of the Applicant. Upon request, the Applicant shall make its representatives available to meet with the Applicable Representatives, as applicable.

C. Public Purpose. Prior to the issuance of bonds, the Board shall have made a finding that financing of such Residential Development will promote the public purposes set forth in Section 394.002 of the Act.

D. Residential Rental Property. The owner of the Residential Development shall have entered into contractual arrangements that demonstrate, to the satisfaction of the Corporation, that such Residential Development is to be owned and operated as a qualified residential rental project within the meaning of Section 142(a)(7) of the Code and applicable regulations thereunder, for the duration of the Qualified Project Period (as hereinafter defined).

The term "Qualified Project Period" shall mean the period beginning on the first day on which ten percent (10%) of the units in such Residential Development are occupied and ending on the later of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the units in such Residential Development are first occupied, (ii) the first day on which none of the bonds issued to finance or refinance such Residential Development are outstanding or (iii) the date on which any assistance provided with respect to such Residential Development under Section 8 of the United States Housing Act of 1937 terminates.

E. Low and Moderate Income Occupancy. The owner of the Residential Development shall have entered into contractual arrangements that

demonstrate, to the satisfaction of the Corporation, that such Residential Development is substantially (at least 90 percent) for use by or intended to be occupied substantially (at least 90 percent) by persons of low and moderate income at all times during the period during which such bonds remain outstanding. For purposes of these Rules, persons of low and moderate income shall mean, as of the effective date of these Rules, any person whose adjusted gross income, together with the adjusted gross incomes of all persons who intend to reside with such person in one dwelling unit, did not, for the taxable year immediately preceding such person's initial occupancy in such Residential Development, exceed 140% of the area median family income; provided that the affordability level for a particular Residential Development will be determined on a case by case basis by the Board in connection with the resolution authorizing the bonds.

F. Lower-Income Occupancy. The owner of the Residential Development shall have entered into contractual arrangements that demonstrate, to the satisfaction of the Corporation, that the income requirements of Section 142(d) of the Code are and will be satisfied.

G. Rehabilitation Requirement. In the case of bonds issued to provide financing for the acquisition and rehabilitation of an existing Residential Development, the purchaser and/or the seller of the Residential Development shall have entered into contractual arrangements that demonstrate, to the satisfaction of the Corporation, that there will be incurred, with respect to such Residential Development, rehabilitation expenditures (as defined in section 147(d)(3) of the Code) in an amount that equals or exceeds 15% of the contract acquisition price of the residential development financed with the proceeds of such bonds, and that such expenditures will be made within certain time periods.

H. Housing for Elderly and Reporting Requirements. Except with respect to refunding bonds issued by the Corporation, Section 394.902 of the Act requires that the Corporation collect from the owner of a Residential Development a one-time fee, payable at initial closing of the bond transaction, equal to 0.10% of the total principal amount of the bond issue for payment to the Texas Health and Human Services Commission, as successor to the Texas Department on Aging. A check for payment of such fee payable to the Texas Health and Human Services Commission must be provided by or on behalf of the Applicant to Bond Counsel on behalf of the Corporation at least one (1) week prior to closing on the bonds.

The owner of the Residential Development shall have entered into contractual arrangements that demonstrate, to the satisfaction of the Corporation, that such owner will comply with Section 394.027 of the Act with respect to an annual report required to be filed by the Corporation with the Texas Department of Housing and Community Affairs. Specifically, to the extent required by the Act and the Texas Department of Housing and

Community Affairs, the Corporation shall require that the owner report to the Corporation on at least an annual basis certain geographic and demographic information relating to the Residential Development financed by the Corporation, including the location of the development and the household size and total household income of persons residing therein.

I. Rating or Private Placement. Bonds issued to provide financing for a Residential Development: (i) shall have been rated “A” or higher by S&P Global Ratings or Moody’s Investors Service, Inc., or in each case such entity’s successors and assigns, or if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Corporation; or (ii) shall be sold in a private placement transaction subject to the requirements of Attachment A to these Rules.

J. Residential Development Underwriting. Unless otherwise approved by the Board, the owner of the Residential Development shall have demonstrated, to the satisfaction of the Corporation, that the underwriting with respect to such Residential Development has been performed by, and that the loan to the owner made by the Corporation with bond proceeds to provide financing for such Residential Development will be originated and serviced by, a mortgage lender or other institution having significant recent experience in the underwriting of loans for multi-family residential rental developments located within Harris County, Texas. In each case, the owner shall provide the Corporation with a written statement identifying the mortgage lender or other institution and indicating the location, size of project and principal amount of the loan for each multi-family residential rental development located in Harris County, Texas for which the lender has provided financing during the immediately preceding three-year period. The owner shall also provide such other information as the Corporation may reasonably request.

K. Trustee. The Applicant will select a qualified trustee for the bond issue from the list set forth below. The fees and expenses of such trustee are the responsibility of the Applicant.

- a. BOKF, NA
- b. Wilmington Trust

L. Bond Counsel. The Corporation has retained Bracewell LLP as Bond Counsel (“Bond Counsel”) for its bond issues. The fees and expenses of Bond Counsel are the responsibility of the Applicant.

M. Financial Advisor. The Corporation has retained Stifel Financial Corporation as Financial Advisor (“Financial Advisor”) for its bond issues. The fees and expenses of the Financial Advisor are the responsibility of the Applicant.

N. Filing and Procedural Requirements. The Applicant shall have complied in full with the filing and procedural requirements set forth in Article III of these Rules.

O. Payment of Fees and Costs. The Applicant shall have paid, or entered into satisfactory contractual arrangements to pay, the fees and costs described in Article IV of these Rules.

P. Tenant Protection Addendum. Any regulatory agreement, declaration of restrictive covenants and/or ground lease executed by owner of the Residential Development and the Corporation with respect to the Residential Development shall incorporate the Tenant Protection Addendum attached hereto as Exhibit "E" and expressly require the owner of the Residential Development to comply with the terms and conditions thereof.

Q. Section 168(h) Election. The Corporation, including any limited liability corporation of which the Corporation is sole member, will not make the irrevocable election under Section 168(h) of the Internal Revenue Code.

R. Related Party/Substantial User. The Applicant shall ensure that the bond purchaser and equity investor partner are not affiliated entities, unless expressly agreed to by the Corporation, and there shall be no requirement to limit the fees payable to Corporation to 0.125% of the bonds due to a substantial user issue under Internal Revenue Code Section 147(a).

S. Memorandum of Understanding. If the Applicant desires to engage the Corporation to serve as general partner or managing member of the tax credit partnership for financing of the project, the Applicant and the Corporation will negotiate a memorandum of understanding ("MOU") outlining the terms of such relationship. By its submission of an Application, the Applicant expressly acknowledges and consents to the Corporation's partnership agreement requirements, a copy of which is attached hereto as Exhibit "F" and a substantial copy of which will be required to be incorporated into any MOU. In the event of a conflict between these rules and such MOU, the terms of the MOU shall control.

T. Imposition of Additional Requirements. The Corporation reserves the right to impose additional requirements or conditions not specifically set forth in these Rules. Such additional requirements may include, but are not limited to, the engagement of disclosure counsel to the Corporation, the fees and expenses of which shall be paid by the Applicant, and additional appraisal requirements.

III. FILING AND PROCEDURAL REQUIREMENTS

A. Preliminary Applications. Any person desiring that the Corporation issue or reissue bonds to provide financing or refinancing for a Residential Development shall complete and file with the Corporation the Application for

Financing attached to these Rules as Exhibit “A”. If additional space is needed for responses, attach separate sheets and label the responses. Such Application for Financing shall be accompanied by: (1) a completed copy of the Project Financing Questionnaire attached to these Rules as Exhibit “B”, which Exhibit “B” may be updated or modified from time to time without any required approval of the Board; (2) the non-refundable fees described in Article IV of these Rules; (3) an executed copy of the Indemnity Agreement attached to these Rules as Exhibit “C” and (4) copies of each Pre-Application Notice required under Paragraph B of Article II of these Rules in the form attached to these Rules as Exhibit “D”, including a copy of the certified mail receipt, overnight mail receipt, or confirmation letter from the recipient.

A separate Application for Financing and other materials described in the preceding paragraph shall be filed for each Residential Development, which is to consist of only one location, representing one contiguous rental project. Except as otherwise acceptable to the Board, the Board will consider such Applications for Financing on its regular monthly meeting dates (generally, the third Wednesday of each month). **In order to be considered for preliminary approval at such meeting, the complete application including the fees shall have been received by the Corporation, Financial Advisor and Bond Counsel at least three weeks prior to such meeting date.** Subsequent requests for documents and other information must be provided at least 5 business days prior to the posting of the Corporation’s agenda (generally 72 hours prior to the meeting).

The application period is open year round and Applications for Financing are accepted on a rolling basis. The Application for Financing and other materials described above shall be filed with the Corporation electronically or by mailing or delivery to the Corporation, the Financial Advisor and Bond Counsel at the following addresses:

Harris County Housing Finance Corporation
c/o Rene Martinez, Executive Director HCHFC
Harris County Housing and Community Development
1111 Fannin Street, 9th Floor
Houston, Texas 77002
Email: rene.martinez@harriscountytexas.gov

with a copy to the Financial Advisor:

Stifel Financial Corporation
8115 Preston Road, Suite 650
Dallas, Texas 75225
Attention: Gary Machak and Josh Karar
Email: machakg@stifel.com and kararj@stifel.com

with a copy to Bond Counsel:

Bracewell LLP
111 Congress Avenue, Suite 2300
Austin, TX 78701
Attention: Elizabeth Bowes and Andrew Prihoda
Email: Elizabeth.bowes@bracewell.com and
andrew.prihoda@bracewell.com

B. Report by Financial Advisor. Upon delivery of a complete Application for Financing as specified in Paragraph A above, the Financial Advisor shall review each Application for Financing, including the description of the financing plan contained therein, and shall make a preliminary report to the Board regarding such review. The Applicant shall cooperate fully with the Financial Advisor in connection with such review and shall provide such additional information as the Financial Advisor may reasonably request.

C. Executive Director Review and Recommendation. The Corporation's Executive Director shall review the Application for Financing and the Financial Advisor report and recommend the Project to the Board for preliminary approval. Recommendations for approval shall be consistent with the policy goals of the Board and may take into account the following:

- a. Projects that result in preservation/rehabilitation of existing low-income housing inventory to maintain long-term 99-year affordability, and new construction.
- b. Project that provide for catalytic redevelopment. Location in Prioritization areas: Opportunity Zone, Adopted Community Plans, HGAC Livable Center areas.
- c. Projects leveraged with other public financing sources, including Harris County Redevelopment Authority.
- d. Projects generating positive public benefits (Cost-Benefit Analysis)

D. Preliminary Approval. Upon satisfaction of the requirements, as applicable, set forth in Paragraphs A through C above, the Board may convene a meeting to consider such Application for Financing. The Board shall give the Applicant reasonable advance notice of such meeting and shall provide the Applicant with an opportunity to appear at such meeting for the purpose of making an oral presentation. **The Corporation is under no obligation to provide preliminary approval to an Application for Financing.**

If the Board determines to grant preliminary approval of an Application for Financing, the Board shall adopt a resolution declaring the Corporation's intent to issue bonds to provide financing for such Residential Development, in such form as may be provided by Bond Counsel and approved by the Corporation's general counsel. The Corporation reserves the right to include in such resolution any specific requirements pertaining to such Residential Development or the bonds deemed necessary by the Board.

Neither the Applicant nor any other party is entitled to rely on such resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the Applicant nor any one claiming by, through or under the Applicant, nor any investment banking firm or potential purchaser of the bonds shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the bonds.

E. Additional Filing Requirements. Following the adoption by the Board of a resolution declaring the Corporation's intent to issue bonds to provide financing for a Residential Development or developments, the Applicant shall file with the Corporation such additional materials as the Corporation may reasonably request in writing.

F. Public Hearing. The Corporation shall not grant final approval of an Application for Financing until there shall have been held, with respect to such Application for Financing, a public hearing meeting the requirements of Section 147(f) of the Code and applicable regulations thereunder.

Bond Counsel shall be responsible for implementation of the requirements set forth in this Paragraph F, including the publication of the notice of public hearing and the preparation of the report to the County Judge or other elected officials, including the Harris County Commissioners Court. The Applicant shall cooperate fully with Bond Counsel and shall provide such information as Bond Counsel may reasonably request for such purpose.

G. Preparation of Documents. Bond Counsel shall have primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the bonds to be issued by the Corporation. All such documents shall be subject to review and approval by the Corporation's general

counsel for compliance with these Rules and any other policies and procedures of the Corporation and by the Financial Advisor.

H. Approval by Elected Official. To the extent required by the Code, the issuance of bonds by the Corporation shall be subject in each case to the written approval of the County Judge of Harris County, Texas, or other elected officials designated by the County Judge for such purpose, including the Harris County Commissioners Court, in a form and manner which satisfies the requirements of Section 147(f) of the Code and applicable regulations thereunder.

Bond Counsel, in coordination with the Corporation's general counsel, shall be responsible for the implementation of the requirements set forth in this Paragraph H, including obtaining such written approval.

I. Private Activity Bond Volume Cap. To the extent applicable, the issuance of bonds by the Corporation shall also be subject in each case to receipt by the Corporation of a valid allocation of a portion of the State of Texas' unified volume cap. Bond Counsel shall be responsible for the implementation of the requirements set forth in this Paragraph I. The Applicant shall be responsible for paying any fees required in connection with securing an allocation. Two checks, each payable to the Texas Bond Review Board, in the amounts of the 1/3 balance and the 2/3 balance of the private activity bond closing fee calculated in accordance with Chapter 1372, Texas Government Code, as amended, shall be remitted by the owner of the residential development to Bond Counsel on behalf of the Corporation at Bond Counsel's request, but not later than the 30th day following the private activity bond reservation date.

Furthermore, to the extent applicable, the Applicant shall be responsible for implementation and compliance with the requirements of the applicable Qualified Allocation Plan for the low income housing tax credit program.

J. Final Approval and Closing. If the Board determines to grant final approval of an Application for Financing, the Board shall adopt a resolution, in such form as may be provided by Bond Counsel and approved by the Corporation's general counsel, authorizing the issuance of bonds to provide the financing described in such Application for Financing. Such final approval shall be conditioned upon compliance with all provisions of these Rules. Following such final approval by the Corporation and by the Harris County Commissioners Court, the Corporation, the Applicant, and the other parties involved in the transaction shall proceed to close the financing at a time and place to be determined with the consent of the Board.

K. Expiration of Application. In any case in which an Application for Financing remains on file with the Corporation for more than one year from its date of filing and there has not occurred a successful closing of the financing,

such Application for Financing shall be considered as terminated and any actions taken by the Corporation with respect thereto shall expire. Such an Application for Financing may be reinstated for one or more additional one-year periods by payment of an extension fee in the amount of \$10,000 for each such period.

L. Consents to Sale of Residential Developments. So long as the bonds are outstanding, the owner of a Residential Development financed with the proceeds of bonds issued by the Corporation shall not sell, transfer or otherwise convey such Residential Development, including without limitation through a change to the controlling interest in the owner of the Residential Development, without the prior written consent of the Corporation, which shall be conditioned upon receipt by the Corporation of (i) evidence satisfactory to the Corporation that the owner's purchaser or transferee has assumed in writing and in full and is capable of performing the owner's duties and obligations under the legal instruments securing such bonds, (ii) a certificate of the owner to the effect that no event of default has occurred and is continuing under the legal instruments securing the bonds (unless such requirement is specifically waived by the Board), (iii) a transfer fee equal to the greater of \$10,000 or 0.25% of the principal amount of the bonds outstanding at the time of such transfer, or such other fee amount as may then be required by the Corporation, and (iv) any restrictions imposed by Bond Counsel in order to maintain the tax exempt status of the bonds. All requests for consent to such a sale, transfer or other conveyance shall be submitted to the Corporation in writing (along with payment of such fee) at least two weeks prior to the date of the Board meeting at which such consent will be considered.

IV. FEES AND COSTS

A. Application Fees. Concurrently with the filing of an Application for Financing, the Applicant shall pay (i) to the Corporation a nonrefundable application fee in the amount of (a) \$15,000, for each location, representing one contiguous rental project, or (b) \$6,000, in the case of a refinancing of a Residential Development for which the Corporation has previously issued bonds or a restructuring or amendment of an existing bond issue, (ii) to the Financial Advisor, a nonrefundable review fee in the amount of \$5,000 for each Residential Development being financed, and (iii) to Bracewell LLP, the Corporation's bond counsel, a nonrefundable fee in the amount of \$5,000 for each Residential Development being financed.

B. Administrative Expenses. Unless otherwise approved by the Board, the owner of the Residential Development shall have entered into satisfactory contractual arrangements providing substantially that: (a) such owner shall pay interest on the loan made by the Corporation to the owner with bond proceeds to provide financing for the Residential Development at a rate that includes (i) .10% per annum of the original principal amount of bonds that are issued with the benefit of credit enhancement resulting in at least an "A" rating on the bonds and (ii) .25% per annum of the original principal amount of bonds that

are issued without the benefit of such credit enhancement (the "Corporation's Administrative Fee"), plus an amount required to pay the fees and expenses of the trustee, the paying agent and any tender agent; (b) such amounts shall be paid over to the trustee and held in a separate account or fund established for such purpose; and (c) such amounts shall be applied at least annually (1) to pay the fees and expenses of the trustee and any paying agent and tender agent and (2) to defray administrative expenses of the Corporation.

C. Closing Fees and Costs. The Applicant shall pay to or on behalf of the Corporation:

- 1) The fees and expenses of the Corporation's general counsel, if any;
- 2) The fees and expenses of Bond Counsel (retainer required – generally \$75,000 will be deposited prior to closing in \$25,000 installments; to be applied against Bond Counsel's final invoice);
- 3) The Financial Advisor's closing fee;
- 4) The fees and expenses of disclosure counsel to the Corporation, if any;
- 5) The Corporation's closing fee equal to one percent (1%) of the greater of the aggregate principal amount or initial proceeds of the bonds (to the extent permitted by federal income tax law), payable to the Corporation by the applicant upon delivery of the Bonds;
- 6) An upfront payment of the Corporation's Administrative Fee for the first three years payable in advance on the date of closing, as specified in the next paragraph, and annually on each anniversary beginning the fourth year after closing;

If the bonds are redeemed or defeased prior to the tenth anniversary of closing, an amount equal to the remaining Corporation's Administrative Fee for the first ten years will be payable at the time of such redemption or defeasance;
- 7) Additional fees to the Corporation for services as general partner/managing member and/or general contractor, as may be negotiated in a MOU; and
- 8) All costs or fees incurred by or on behalf of the Corporation in connection with the financing or refinancing of such Residential Development, including, without limitation, trustee or escrow agent fees, rating fees, printing fees, appraisal

review fees, inspection fees, Texas Attorney General review fees, fees due to the Texas Health and Human Services Commission and fees in connection with securing an allocation of volume cap.

D. Post-Issuance Request Fee. Concurrently with the submission of each request for any post-issuance amendment, consent, waiver or other approval relating to bonds previously issued by the Corporation, the party requesting such amendment, consent, waiver or other approval shall pay (i) to the Corporation a non-refundable fee in the amount of \$5,000, plus out-of-pocket costs of any required special meeting, including directors' per diem expenses, and (ii) the fees and expenses of the Corporation's general counsel, if any, disclosure counsel, if any, and/or Bond Counsel and fees and expenses of the Financial Advisor in connection with such request.

V. MISCELLANEOUS

No person shall represent, directly or indirectly, to any potential purchaser of the Corporation's bonds, or to any other person, that the Corporation has irrevocably agreed or is firmly committed to issue bonds to provide financing for any specific Residential Development unless and until the Corporation and the Harris County Commissioners Court have granted final approval with respect to such Residential Development as provided in Article III(I) of these Rules.

Attachment A

Requirements Related to Private Placement

Bonds rated less than “A” or that are unrated may be sold solely to one or more Approved Institutional Buyers and must be accompanied by an investor letter executed by each such Approved Institutional Buyer acceptable to the Corporation. Such bonds shall be issued only in physical form and in minimum denominations of \$100,000, must carry a legend requiring any purchasers of the bonds to be Approved Institutional Buyers and sign and deliver to the Corporation an investor letter in a form acceptable to the Corporation, and shall be sold in a private placement to such buyers. For purposes of this section, “Approved Institutional Buyer” means (i) an “accredited investor” (as defined in Rule 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the Securities Act of 1933, as amended (“Securities Act”)); or (ii) a “qualified institutional buyer” as defined in Rule 144A under the Securities Act.

In connection with the sale of such bonds, the Applicant shall provide the Corporation with an executed investment letter from the purchaser of the bonds substantially to the effect that it:

(1) is purchasing the bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof;

(2)(A) has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, (B) has no need for liquidity in such investment and (C) is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof;

(3) has been provided with, and has had the opportunity to review, the documents relating to the issuance of the bonds and has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers so that, as a sophisticated investor, it has been able to make its decision to purchase the bonds;

(4) acknowledges that the bonds (A) have not been registered under the Securities Act, (B) have not been registered or otherwise qualified for sale under the securities laws of any state, and (C) will not be listed on any

securities exchange and there is no established market for the bonds and that none is likely to develop;

(5) the bonds do not create a moral obligation on the part of the state, the city, or any other municipality, county or other municipal or political corporation or subdivision of the state and each of such entities is prohibited by the act from making any payments with respect to the bonds and the Corporation has no taxing power and principal, premium, if any, and interest on the bonds are payable solely out of amounts on deposit in the funds and accounts established and pledged under the indenture or other similar document executed in connection with the issuance of the bonds;

(6) understands that in connection with any proposed transfer or exchange of the bonds, there must be delivered to the Corporation and trustee for the bonds a letter of the transferee in substantially the same effect as the investor letter delivered at closing and such transfer shall be limited to an Approved Institutional Buyer; and

(7) agrees to indemnify the Corporation and the trustee for the bonds against any and all liability, cost or expense (including attorneys' fees) that result if the representations contained in the investor letter are false in any material respect.

In connection with any proposed transfer or exchange of the bonds, the transferee must also be an Approved Institutional Buyer and must deliver an investment letter substantially to the same effect as the original investment letter, or as otherwise acceptable to the Corporation in its sole discretion.

EXHIBIT "A"

APPLICATION FOR FINANCING

TO: Harris County Housing Finance Corporation
Harris County, Texas

I, the undersigned duly authorized representative of _____ (the "Applicant"), the owner of the proposed residential development described in this Application for Financing, do hereby make application to the Harris County Housing Finance Corporation (the "Corporation") in accordance with the Corporation's Rules For Financing Multi-Family Rental Residential Developments (the "Rules"). In connection therewith, I do hereby declare and represent as follows:

1. The Applicant intends to (check one):

- develop, construct and operate
- acquire, rehabilitate and operate
- refund or reissue (e.g. by restructuring or substantial amendment) bonds previously issued by the Corporation for

a multi-family rental residential development to be located entirely within Harris County, Texas, and desires that the Corporation issue bonds to provide financing or refinancing for such Residential Development in accordance with the provisions of the Texas Housing Finance Corporations Act and the Rules.

2. The Applicant has received a copy of the Rules, has reviewed same and hereby agrees to comply with all terms and provisions thereof, except as such provisions as may be expressly waived by the Board of Directors of the Corporation.

3. The Applicant has submitted herewith a completed copy of the Project Financing Questionnaire attached to the Rules as Exhibit "B". To the best of my knowledge, the information contained therein is true and correct.

4. The Applicant has submitted the non-refundable application fees required by the Rules.

5. The Applicant has submitted herewith an executed copy of the Indemnity Agreement attached to the Rules as Exhibit "C".

6. The Applicant has provided notices to each of the Applicable Representatives of the proposed financing in compliance with the Rules, in the form attached to the Rules as Exhibit "D".

Based on the foregoing, the Applicant requests that the Board of Directors of the Corporation grant preliminary approval of this Application for Financing in accordance with the Rules.

WITNESS MY HAND this _____ day of _____, 20____.

(Name of Applicant)

By _____
Title _____

EXHIBIT "B"

HARRIS COUNTY HOUSING FINANCE CORPORATION
PROJECT FINANCING QUESTIONNAIRE

INFORMATION RELATING TO THE APPLICANT

Full legal name, address and telephone number of the Applicant, i.e., the entity that will own the Residential Development for which financing is requested (referred to hereinafter as the "Residential Development").

Form of organization of the Applicant.

_____ For Profit Corporation	Does Applicant currently exist or is it to be formed? _____ Exists _____ To be formed
_____ Limited Partnership	
_____ General Partnership	
_____ Sole Proprietorship	
_____ 501(c)(3) Corporation	
_____ Governmental Entity	

Indicate the state under whose laws the Applicant is or will be organized and the date of organization.

(a) If the Applicant is a corporation, identify its officers and indicate their titles. If the Applicant is a partnership, identify all of its general partners.

(b) If the Applicant or any proposed or existing member or partner of the Applicant has applied for exemption as a Community Housing Development Organization ("CHDO"), attach a copy of CHDO certification.

Name, address and telephone number of the representative of the Applicant with whom the Corporation should communicate.

Name, address and telephone number of legal counsel to the Applicant in connection with the Residential Development. (This does not mean bond counsel.)

Name, address and telephone number of any financial consultant, investment banker or mortgage banker advising the Applicant in connection with the Residential Development.

Summarize prior development, ownership and management experience of the Applicant or its principals, indicating date of project, size of project, type of project, location of project and method of financing.

Date on which Applicant adopted intent to finance project with tax-exempt debt.

Is the Applicant or the Residential Development in violation (or ever have been) with any city housing code violations? If yes, please give an explanation.

Does the Applicant or the Residential Development have any tax liens with the city or Harris County or any other taxing authority? If yes, please specify.

Explain to what extent, if any, the Applicant plans to promote the Corporation's goals of (a) enhancing the availability of quality housing units for persons and families of low or moderate income, particularly within the geographic areas of interest of the Corporation, and (b) the involvement of minority or local firms for the development, financing, construction and/or operation of the Residential Development (i.e., through the use of sub contractors).

Attach copies of the Applicant's written notice to the School District, County Commissioner, Councilmember and Housing and Community Development (if applicable), City (if applicable), Associations, and Harris County, together with evidence of such notification, in the form of a copy of the certified mail receipt or overnight mail receipt.

Identify whether the Applicant, any proposed or existing member or partner of the Applicant or any individual who is a principal of any of the foregoing has filed bankruptcy.

Has the Applicant, any proposed or existing member or partner of the Applicant or any individual who is a principal of any of the foregoing been involved in or are they currently involved in any litigation relating to the development of real estate?

INFORMATION RELATING TO THE PROJECT

(a) If a new construction or acquisition: Street address and description of exact location of the Residential Development site. Please attach a legal description of the boundaries of the Residential Development site and a map of the area with the Residential Development site highlighted. If the Residential Development was previously financed with bonds issued by the Corporation so indicate and a legal description and map are not required.

(b) If a nonprofit pooled financing: If the Residential Development will be part of a so called “pool” financing of the acquisition of several Residential Developments, please describe the financing, acquisition, ownership and operation plans in detail. Please answer questions 18-45 below to the extent applicable.

(c) If a refinancing of bonds previously issued by the Corporation: Please describe the current financial situation of the Residential Development, the refinancing plans and the future cash flow expectations in detail. Also, please describe whether the Residential Development will be sold by the current owner before or after the bonds are issued. Please answer questions 18-45 below to the extent applicable.

Describe any existing improvements or structures presently located on the Residential Development site. If none, please write “none.”

Indicate the approximate size (in acres or square feet) of the Residential Development site.

Does the Applicant now own the Residential Development site?

_____ Yes _____ No

If the Applicant presently owns the Residential Development or Residential Development site, indicate:

Purchase Date: _____

Purchase Price: _____

Balance of Existing Mortgage: _____

Holder of Existing Mortgage: _____

Attach evidence of ownership.

If the Applicant presently holds an option to purchase the Residential Development or Residential Development site, indicate:

Present Owner: _____

Date of Option Agreement: _____

Purchase Price: _____

Expiration Date of Option Agreement: _____

Attach a copy of the executed option agreement evidencing site control.

If the Applicant has executed a contract to purchase the Residential Development or Residential Development site, indicate:

Present Owner: _____

Date of Contract: _____

Purchase Price: _____

Settlement Date: _____

Attach a copy of the executed earnest money contract evidencing site control.

If the Applicant does not presently own the Residential Development or Residential Development site, please describe any relationship which exists by virtue of common control or ownership between the

Applicant and the present owner of the Residential Development or Residential Development site. If none, please write "none."

Indicate if the cost of the Residential Development site is to be included in the financing.

_____ No
Yes

What is the present number and general description of residential units on the Residential Development site. If none, please write "none."

Does the Residential Development consist of additions to and/or renovation and rehabilitation of existing units?

_____ No
Yes

If yes, answer the following questions: (Attach separate sheets as necessary.)

- (a) Age of units: _____
- (b) Describe the proposed additions and improvements to be made. Include a description of the type of improvements and amount to be spent per unit and for common areas.
- (c) Provide data on present vacancy rates and rents by unit size.
- (d) Attach a recent photo of the Residential Development.
- (e) List a breakdown for total project improvements by cost and category.

Indicate the number, type (number of bedrooms and bathrooms), approximate size (square footage), and projected monthly rents of

the dwelling units included or to be included in the Residential Development.

Number of <u>Units</u>	Type of <u>Units</u>	Size of <u>Units</u>	Monthly <u>Rent</u>
---------------------------	-------------------------	-------------------------	------------------------

Describe any additional facilities included or to be included in the Residential Development, such as parking, laundry, office or recreational facilities. If any of such facilities are expected to generate income, indicate projected amount of such income.

Describe the overall style of the Residential Development (e.g., garden apartments, multi-story, highrise), exterior construction materials, energy conservation considerations and landscaping design. Attach a site sketch showing proposed location of the units on the Residential Development site and an architect's rendering if available.

Indicate which of the following equipment, if any, are or will be included in the dwelling units of the Residential Development:

_____ Range	_____ Disposal
_____ Refrigerator	_____ Carpet
_____ Air Conditioning	_____ Drapes
_____ Dishwasher	_____ Fireplace
Other _____	

Indicate which of the following, if any, Residential Development tenants will be required to pay on an individual basis.

_____ Electricity	_____ Water and Sewer
_____ Gas	_____ Garbage Pick up

Complete the pro forma cash flow schedule in the format attached to this Application, or other format provided by or on behalf of the Corporation. The schedule needs to reflect cash flows over the Residential Development's first fifteen years of occupancy, and must identify any assumptions and, specifically, administrative, operating and maintenance costs, taxes, and cash flow available for debt service for each year.

Indicate the estimated costs of developing, constructing and equipping or acquiring and rehabilitating the Residential Development. Attach a separate sheet if necessary to provide a complete summary of Residential Development costs.

Acquisition Cost	_____
Rehabilitation Cost	_____
Land Cost	_____
Construction	_____
Design	_____
Surveys & Soil Testing	_____
Equipment	_____
Construction Insurance	_____
Construction Period	_____
Interest	_____
Other (Specify)	_____
TOTAL COST OF PROJECT	_____

Indicate the percentage of the Residential Development costs for which the Applicant desires financing and the amount of equity investment in the Residential Development which the Applicant proposes to make.

State the maximum principal amount of bonds that the Applicant desires that the Corporation issue to provide financing or refinancing for the Residential Development.

State the principal amount of bonds that the Applicant currently believes will be needed to satisfy the 50% test.

Except with respect to a refunding, indicate the type and amount of costs expended (including orders for any Residential Development equipment or furnishings) with respect to the Residential Development prior to the current date. If none, please write "none."

Except with respect to a refunding, have any costs (including orders for any Residential Development equipment or furnishings) been incurred but not paid? If yes, identify and explain.

Describe any restrictions to be imposed by the Applicant on Residential Development tenants, including family size, pets or others.

State name, address and phone number of the managing agent for the Residential Development. Attach information concerning prior management experience including projects managed, number of units in each project and number of years of project management. Estimate the fee to be paid to such managing agent.

State best estimates as to the minimum family income levels of the tenants required in order to pay anticipated monthly rent amounts.

Indicate number of residences or businesses displaced by construction or rehabilitation of the Residential Development, if any. (If none, please write "none.") Describe procedures to be used to minimize impact of any displacement.

Attach a copy of the most recent appraisal report on the Residential Development. For a bond issue that requires private activity bond volume cap, an appraisal report will be required three weeks prior to the Board of Directors' consideration of a resolution granting final approval of the issuance of bonds.

For a bond issue that requires private activity bond volume cap, attach a completed Residential Rental Attachment in the current form prescribed by the Texas Bond Review Board.

INFORMATION RELATING TO CONSTRUCTION

Has construction of the Residential Development begun?

_____ Yes _____ No

If yes, give date construction began: _____

If no, give estimated date for commencement of construction:

State estimated date of completion: _____

State estimated date Residential Development will be initially available for occupancy:

State name, address and phone number of contractor for the Residential Development. Attach information concerning projects previously completed by the contractor. Include location, year of completion, number of units and approximate construction cost of each project.

State name, address and phone number of architect for the Residential Development. Attach information concerning projects designed by the architect.

INFORMATION RELATING TO THE FINANCING

The Applicant has made application for HUD housing assistance payments under Section 8 of the United States Housing Act of 1937 with respect to what percentage of the Residential Development units?

- ____ 100% of the Residential Development units
- ____ 20% of the Residential Development units
- ____ None of the Residential Development units

Please attach a copy of HUD approval letter, if any.

Has the Applicant made, or does the Applicant intend to make, application for FHA mortgage insurance under Section 221 of the National Housing Act of 1934?

- _____ Yes, for construction advances _____
No
- _____ Yes, for insurance upon completion
only

Please attach a copy of FHA SAMA letter, conditional commitment or firm commitment, if any.

Indicate any other rent supplement, loan guarantee, grant or mortgage insurance for which the Applicant has made, or intends to make, application with respect to the Residential Development. If none, please write "none."

If the Applicant is a limited partnership, indicate whether it is anticipated that there will be a syndicated offering of partnership shares.

Indicate what percentage of the requested financing is to be applied for working capital. If none, please write "none."

Indicate what percentage of the requested financing is to be applied to refinance any existing mortgage or outstanding loan. If none, please write "none."

If the Applicant has applied to another source for financing with respect to the Residential Development, give details.

Explain how the Residential Development will be financed if all or a portion of the amount applied for is denied.

If available, indicate the name, address and name of representative of the entity or entities which is expected to purchase or underwrite the obligations of the Corporation issued to provide financing for the Residential Development. Please attach a copy of any letter of

commitment or letter of intent from such prospective purchaser or underwriter.

If approved, are the bonds to be offered at a public sale or will they be placed privately with a purchaser?

If the proposed financing involves the use of guaranties or obligations issued by a lending institution or an entity such as Fannie Mae as security for the bonds, whether in the form of a note, a letter of credit, certificates of deposit or some other form, please identify the lending institution or entity and include a copy of: (i) a letter of intent or commitment from such institution or entity; and (ii) with regard to a lending institution, a copy of such institution's most recent financial statements.

Describe any other important aspects of the proposed financing, including the nature of the security and any required reserve funds.

Will the Applicant apply for 4% Housing Tax Credits?

_____ Yes _____ No

Does the successful financing of the project depend on a property tax exemption for the project? If yes, please provide information identifying the financing gap and/or justifying the request for the property tax exemption.

_____ Yes _____ No

Does the Applicant intend to partner with the Corporation for the property tax exemption?

_____Yes _____ No

Please identify/explain the Applicant's plan for seeking a property tax exemption if not through the Corporation.

EXHIBIT "C"

INDEMNITY AGREEMENT

Board of Directors
Harris County Housing Finance Corporation
Harris County, Texas

_____ (the "Developer"), on behalf of the Applicant, has filed or is concurrently filing with the Harris County Housing Finance Corporation (the "Corporation") an Application for Financing in accordance with the Corporation's Rules For Financing for Multi-Family Rental Residential Developments. For the purpose of inducing the Corporation to accept, review and act upon such Application for Financing and to issue the obligations therein contemplated, the Developer, on behalf of the Applicant, hereby agrees to indemnify and hold harmless the Corporation and Harris County, Texas (the "County"), and each of their respective officials, officers, directors, agents, employees, attorneys and representatives, against all costs, losses, damages, expenses and liabilities of any kind arising from or in connection with the Corporation's acceptance, review, approval or disapproval of such Application for Financing, or the issuance, offering, sale or delivery of the obligations of the Corporation therein contemplated, or the design, acquisition, construction, rehabilitation, installation, operation, use, occupancy, maintenance or operation of the residential development described in such Application for Financing. **It is expressly agreed that the provisions of this Indemnity Agreement shall survive any approval or disapproval of such Application for Financing and the issuance or failure to issue any such obligations.** The Developer, on behalf of the Applicant, acknowledges that neither the Corporation, nor the County, is responsible or liable for any approval or disapproval of tax credits for the residential development by the Texas Department of Housing and Community Affairs.

This Indemnity Agreement shall be effective upon its execution by the Developer, on behalf of the Applicant, this _____ day of _____, 20____ and its acceptance by the Corporation as indicated by its execution below.

(Name of Developer)

By _____
Title _____

ACCEPTED THIS _____ day of _____, 20_____.

By _____
Title _____

EXHIBIT "D"

FORM OF PRE-APPLICATION NOTICE

[Date]

Re: Notice Regarding Residential Development Proposed to be Financed with Tax-Exempt Bonds Issued by Harris County Housing Finance Corporation

Dear _____:

_____ (the "Applicant") has submitted an application to Harris County Housing Finance Corporation ("HCHFC") for the financing of the hereinafter-described project through the issuance by HCHFC of its tax-exempt bonds:

- Name of Residential Development: _____
- HCAD Tax ID #: _____
- Location of Residential Development: _____
- Number of Units: _____

INSERT APPLICABLE PARAGRAPH:

The Applicant intends to seek a reduction or complete exemption from such property taxes beginning in year _____. Attached is a copy of the prior year's ad valorem tax bill.

OR

The Applicant will not seek a reduction or exemption from ad valorem taxation.

If you need additional information, please contact [name of developer contact and telephone number].

Very truly yours,

EXHIBIT "E"

ADDITIONAL LANDLORD TERMS AND CONDITIONS REGARDING TENANT PROTECTIONS AND SCREENING ("TENANT PROTECTION ADDENDUM")

1. DEFINITIONS

For the purposes of this Tenant Protection Addendum, the terms below will be defined as follows:

- A. "Director" means the Executive Director of the Harris County Community Services Department;
- B. "Landlord" means [OWNER], the owner of the property or an agent of the Owner including but not limited to, the company or organization contracted to serve as the property manager for the Property known as the [PROJECT NAME] located at [PROJECT ADDRESS], as well as lessor, or sublessor of a dwelling. For all purposes in this Exhibit, any actions, statements or agreements reached by any party comprising the "Landlord" with the Tenant will be deemed as final and binding to all parties comprising the Landlord;
- C. "Property" means the residential building in which the tenant resides that is owned by the Landlord.
- D. "Tenant" means a person who is authorized by a lease to the occupied dwelling unit, and as defined in Chapter 92, Subchapter A, Section 92.001(6) of the State of Texas Property Code.
- E. "Agreement" means the agreement that sets the terms under which Harris County will provide Owner with assistance, including but not limited to: loans, grants, funds, land, or other items of value.
- F. "Payment Plan" refers to an arrangement reached between the Landlord and Tenant that allows the Tenant the opportunity to avoid further accrual of arrears; or Rent that is owed in exchange for Tenant's adherence to a schedule of repayment meant to either bring Tenant current on Rent or pay Landlord an agreed sum which Landlord will accept as full satisfaction for any current Rent delinquencies. Landlord agrees to use best efforts to work with Tenant for at least the sixty (60) day period following the month that the Tenant fell behind on its Rent. Payment Plan must bring Tenant current on Rent within a six (6) month period beginning the date the Payment Plan is entered into, and Landlord is required to maintain documentation of such proposed payment, including if a Tenant decides to decline a Payment Plan. Once the agreed-upon amounts are paid, delinquent payments shall be expunged from Tenant's account.

- G. "Rent" means the regular monthly recurring charges Tenant is contractually obligated to pay the Landlord as a condition of being allowed to occupy a unit in the Property per lease agreement. Rent to Landlord includes all housing services, maintenance, utilities and appliances to be provided and paid by the Landlord in accordance with the lease.
- H. "Notice to Vacate" means document delivered by Landlord to Tenant notifying the Tenant that the Tenant has defaulted on the obligations of Tenant's lease and without steps taken to remedy, will result in actions taken by Landlord including filing for eviction.
- I. "Right of First Refusal" means a displaced Tenant who previously occupied a particular unit in a Property must be the first person given the option to reside in the same or similar unit.
- J. "The Lookback Period" is a period of time during which records of criminal activity are searchable, starting from the date of the conviction. Lookback Periods may be based on type of conviction and chance of recidivism.
- K. "Affordability Period" means the length of time a Landlord must impose the rent or occupancy income restrictions on the units assisted by Harris County as established in the Agreement. Landlord is bound by the Tenant Protection Addendum for the duration of the Affordability Period.
- L. "Eviction" means a forcible entry and detainer action as defined in Chapter 24 of the Texas Property Code or any other legal action filed by a landlord to obtain possession of Tenant's unit.

2. TERMINATION OF TENANCY

- A. Owner may not terminate the tenancy or refuse to renew the lease of a Tenant except for:
 - (1) serious or repeated violations of the terms and conditions of the lease agreement (e.g., failure to pay rent, or unlawful activity that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents; willful and repeated destruction of rental property or property of other residents; or use of the unit for unlawful purposes);
 - (2) completion of tenancy period for transitional housing in which case at least 30 days before the end of the transitional housing tenancy period, the Landlord is required to provide the Tenant with written notice that the tenancy period is ending; or

(3) the temporary or permanent uninhabitability of the Property justifying relocation of all or some of the Property's tenants (except where such uninhabitability is caused by the deferred maintenance, actions or inactions of the Landlord). Termination on this ground shall trigger either the Relocation provisions in Section 9 or grounds for termination of the lease, except in cases where the property becomes uninhabitable due to the Tenant's intentional actions.

- B. If an eviction is initiated, the Landlord agrees to rely only upon those grounds cited in the termination notice Section 3.
- C. Landlord hereby agrees to apply all partial and/or full payments made by Tenant or on behalf of Tenant to Rent first to reduce the risk of eviction for nonpayment of rent.
- D. Should Tenant become current on Rent prior to the issuance of a judgment for eviction due to nonpayment of Rent, Landlord agrees to dismiss the eviction proceeding with prejudice.
- E. Landlord may not evict Tenant for nonpayment of Rent after a Payment Plan has been entered into, unless Tenant subsequently violates the Payment Plan.
- F. In the event of an eviction being filed against Tenant, Landlord will provide contact information of government-funded legal aid agencies or other legal representation organizations the Tenant may contact to request assistance in either understanding or representing them in the eviction process. Landlord agrees to work with the legal representative, if one is obtained, to reach an agreement and dismiss the eviction proceeding or take other measures to prevent the court from issuing a judgment in the eviction proceeding.
- G. Once a lease is terminated, Landlord may not take, hold, or sell personal property of the Tenant, or any occupant of the Tenant's dwelling, without written notice to the Tenant and a court decision on the rights of the parties except when the property remains in the unit after the Tenant has moved out of the unit and the property is disposed of in accordance with State law.

3. NOTICES REGARDING TERMINATION OF TENANCY

- A. **Thirty-Day Notice.** To terminate or not renew the lease, Landlord shall serve written notice upon the Tenant specifying the grounds for the termination or nonrenewal at least thirty (30) days before the effective date of the termination or nonrenewal, unless the termination is based on serious violent criminal activity that poses an immediate threat to the safety of staff or other residents. The notice to terminate or nonrenewal shall be served on the Tenant by either:

- (1) both first class mail and either certified or registered mail; or
 - (2) by personal delivery to the Tenant or a household member sixteen (16) years or older.
- B. Opportunity to Discuss. The written notice shall also inform Tenant of the right to discuss with the Landlord the proposed termination or non-renewal of tenancy. The notice must give the Tenant at least ten (10) business days from the date of the notice to request a meeting with the Landlord. The Tenant may provide written notice of a request to meet with a Landlord through mail, text message, e-mail, or any other written communication that the Landlord uses for correspondence with Tenant. If the Tenant makes a timely request, the Landlord agrees to meet with the Tenant and to discuss the proposed termination or nonrenewal.
- C. Opportunity to Cure Lease Violations. For termination or nonrenewal of tenancy due exclusively to serious or repeated lease violations, excluding drug activity or other serious criminal activity, the written notice shall also inform Tenant of the opportunity to cure any alleged violation of the lease agreement before the effective date of the termination or nonrenewal in the Notice as required by Section 3(A).
- D. Three-Day Notice. If the dispute is not resolved and the Tenant does not vacate the premises by the effective date of the termination as set forth in the notice of lease termination required by Section 3(A), Landlord shall give the Tenant at least three (3) days written notice to vacate the premises. If the Tenant does not vacate the premises by the end of the third day, Landlord may then proceed to obtain possession by a forcible entry and detainer lawsuit in the appropriate Justice of the Peace court.

4.PUBLIC ASSISTANCE

- A. Landlord will provide information about local governmental or other organizations that Tenant may contact to request assistance in either paying past-due Rent or helping Tenant meet the obligations of their Payment Plan. Landlord shall provide a list of resources attached to lease agreement and other forms of communication including but not limited to SMS text, e-mail, door flyers, etc. Landlord also agrees to display the above-mentioned list prominently on both the Property's website and at the rental office on-site.
- B. Landlord agrees to accept all forms of lawful financial assistance paid on behalf of Tenant, including but not limited to publicly administered rent relief program, non-profit rental assistance, church or charity-based rental assistance received by Tenant, provided that the assistance is received within sixty (60) days of a governmental entity or

organization's written commitment to make Rent payments on behalf of tenant.

Landlord agrees to adhere to rules and regulations of a program and participate as necessary for Tenant's participation in any assistance program.

- C. If Tenant has defaulted on Rent and applies for rental assistance, the Landlord will not pursue enforcement of any judgements, writs of possession or other litigation based on nonpayment of rent until a final decision is made whether the Tenant is eligible or selected for assistance under the applicable program.
- D. Landlord shall rescind or cancel, within five (5) business days of the Landlord's receipt of a payment of financial assistance, any prior enforcement mechanism applicable to the Property based solely upon nonpayment for the month(s) to which the assistance applies. Landlord retains the right to pursue eviction if a Tenant who received rental assistance also engages in conduct constituting a non-monetary default of Tenant's lease.
- E. If Landlord receives payments for Rent on behalf of the Tenant from a governmental, church, or charitable organization, the Tenant is not responsible for paying the portion of Rent to owner covered by the governmental, church, or charitable organization under the contract between the Landlord and the organization, if such a contract exists. A governmental, church, or charitable organization's failure to make the Rent payment to the Landlord will not constitute a default or violation of the lease by the Tenant, and the non-payment will not constitute grounds for eviction or other collection efforts. In such event, Landlord will work with the Tenant, governmental, church, or charitable organization to the furthest extent possible in an attempt to resolve the interruption in Rent payments.

5. CONTACT WITH TENANT REPRESENTATIVE FOR TENANTS

- A. If Tenant has an attorney on record with the court and/or is under a guardianship or other form of community supervision and support, Landlord agrees to contact the appropriate representative, attorney or case worker regarding termination of tenancy or other disciplinary actions against the Tenant.

6. TENANT SCREENING AND ANTI-DISCRIMINATION

- A. Application of Federal Laws. Landlord agrees to follow all Fair Housing Act provisions, including the Americans with Disabilities Act, and other federal, state or local laws prohibiting certain forms of discrimination.

Landlord will be in compliance with protections covered under the Violence Against Women Act.

- B. Veterans. Landlord shall not engage in discrimination based on veteran status. Landlord may adopt a veteran preference or any other measure that encourages veterans to take up residence at the Property.
- C. Source of Income. Landlord shall not engage in discrimination based on a Tenant or prospective Tenant's current or prospective source of income. All forms of government- funded housing assistance (including but not limited to Housing Choice Vouchers and Tenant Protection Vouchers) must be accepted as valid.
- D. Selection Procedures. Landlord shall maintain written Tenant selection policies and procedures. Landlord will make the policy readily available through means that include but are not limited to: (a) prominently posting the policy in the Property rental office and on the Property website; and (b) providing paper and electronic copies of the policy upon request.

If Harris County adopts a Tenant screening policy that covers the Property, Landlord must follow the adopted policy for the remainder of the Affordability Period. Harris County will provide Landlord with written notice and at least sixty (60) days to achieve compliance per Section 14(C).

- E. Inclusion of Lookback Periods. Landlord's selection policy shall set Lookback Periods for various criminal offenses. Each Lookback Period shall be limited to a reasonable duration. In no discretionary situation should a criminal offense's Lookback Period extend more than seven (7) years from the date of prospective Tenant's application.
- F. Consideration of Eviction. Landlord agrees that a prospective Tenant may not be denied an application or residency based on eviction history if: (a) eviction proceedings resulted in a dismissal, nonsuit or judgment for the prospective Tenant; (b) eviction proceedings have been sealed or made confidential; or (c) judgment against the prospective Tenant was issued more than three (3) years before the application.
- G. Consideration of Credit History. Landlord agrees that a prospective Tenant may not be denied application or residence based on credit history, provided that the prospective Tenant can show record of consistent and timely Rent payments over the last twelve (12) months.
- H. Consideration of Criminal Record. Landlord agrees that a prospective Tenant may not be denied application or residence based on (a) arrests that have not resulted in conviction; (b) convictions that occurred outside of the Lookback Period; or (c) convictions for controlled

substance offenses other than drug manufacturing or distribution. Landlord agrees to only consider convictions that occurred during the Lookback Period as part of the holistic process described below.

- a. In screening prospective Tenants, Landlord may consider convictions that occurred during the Lookback Period only as part of an individual review process that requires the Landlord to weigh the following factors:
 - i. age at time of offense;
 - ii. how long since offense was committed;
 - iii. community ties and support;
 - iv. references and supporting recommendations;
 - v. construction efforts;
 - vi. further explanation of the offense; and
 - vii. requests for reasonable accommodation.
- b. In determining eligibility after the individual review process described in (a), Landlord may only deny a prospective Tenant's application if Landlord finds reliable evidence that the denial will assist in protecting resident safety or property.
- I. Landlord shall retain records of all denials with reasoning and make such records available to Harris County for audit in accordance with the record retention and audit provisions included in the Agreement.

7. INTENTIONALLY OMITTED

8. PROPERTY CONDITION

- A. All residential rental units within the Property must meet minimum health and safety standards outlined in the United States Department of Housing and Urban Development's Housing Quality Standard, Harris County Minimum Property Standards, as well as basic utilities and facilities, ventilation and heating, safety from fire, and safe and sanitary maintenance.
- B. Units must also maintain working amenities including but not limited to water heating facilities, cooling facilities (where available), water and sewer lines, plumbing and electrical fixtures, lighted common halls and stairways, and, if provided, cooking equipment.

- C. At least once every twelve (12) month period, Landlord will permit and cooperate with an on-site Housing Quality Standards inspection of the Property by representatives or contractors for the Harris County Community Services Department. In addition, Landlord will provide copies of any and all inspection reports conducted by any other government entity to Harris County Community Services Department or Tenant within ten (10) business days.
- D. Landlord is to receive and process Tenant repair requests. Repair requests may be written or submitted on-line via computer based systems. All repair requests made by Tenants will be made available to Harris County Community Services Department upon request. Landlord will be deemed to have knowledge of any condition on or affecting the Property upon such request being submitted by Tenant(s).
- E. If Landlord knows or should know of any hazardous condition on or affecting the Property, Landlord agrees to remediate the same within a reasonable period of time following the date that the Landlord becomes aware of the condition. There is a rebuttable presumption that seven (7) days is a reasonable period of time. To rebut that presumption, the date on which the Landlord received the Tenant's notice, the severity and nature of the condition, and the reasonable availability of materials and labor and of utilities from a utility company must be considered.
- F. Landlord agrees to repair and maintain all elements of the Property, even if the same is due to an act or omission of Tenant. However, Landlord, following the completion of such repair, retains all rights to retain portion of a Tenant's security deposit (if any) and/or pursue collection of such amount against Tenant through the judicial system.
- G. Landlord agrees that any day in which the temperature goes above ninety (90) degrees, air conditioning repair requests are emergencies. The cooling system must be capable of delivering enough cool air to assure a healthy living environment and a comfortable living condition.

9. TENANT RELOCATION

- A. If a Tenant is required to move out of the Property, or Tenant's individual unit, due to any repair, replacement, renovation of the unit, Landlord will provide relocation assistance to Tenant including but not limited to packing, moving, storage and seeking a replacement unit as closely as possible mirroring Property and the living conditions (e.g. location, cost, proximity to community resources, etc.) the Tenant enjoyed while residing at the Property. Upon the completion of such repairs or renovations which necessitated the Tenant's relocation, Landlord agrees to offer Tenant the Right of First Refusal to return to their previous unit or a comparable unit within the Property. If the Tenant refuses to return

to the Property within thirty (30) business days from the date that the Right of First Refusal was offered, then the Landlord is no longer responsible for providing relocation assistance.

10. TENANT ACCESS TO INFORMATION

- A. Landlord must provide Tenant with copies of Tenant Protection Addendum, and all other legal documents, either (a) at the same time as Landlord provides a copy of the Lease to the Tenant; or (b) within ten (10) days of the execution of this Agreement with Harris County, if the Landlord and Tenant already have a lease agreement in place. The Tenant Protection Addendum is in effect whether or not the parties have signed it.
- B. The Tenant Protection Addendum must be provided in English, Spanish, Chinese, and Vietnamese. Harris County Community Services Department will provide copies of the Tenant Protection Addendum in the four languages listed.
- C. Landlord must attach the Tenant Protection Addendum to each and every lease signed during the Affordability Period, including lease renewals.
- D. Landlord will provide Tenant with copies of any documents signed by Tenant or otherwise provided to Tenant as part of Landlord's selection and on-boarding process. Such requirements include lease agreements, rental applications, and Addendum or supplemental document outlining the rights of Tenant.
- E. Landlord agrees to adopt and implement the requirements identified in this document attached hereto and made a part hereof for all purposes.
- F. Landlord agrees to communicate the new tenant policies to the Tenants of Property through direct notice to Tenants, presentation(s) at residents' meetings, and through a prominently displayed posting in the leasing office. Landlord also agrees to upon request provide Tenant with additional copies of communications previously issued to Tenant by Landlord or its representatives.
- G. Landlord will attach a copy of the Tenant Protection Addendum to any petition filed in an eviction proceeding against the Tenant.

11. RIGHT TO PARTICIPATE IN TENANT ORGANIZATION, PROTECTION FROM RETALIATION, AND RIGHT TO TRIAL BY JURY

- A. Landlord will permit each Tenant to conduct activities on the Property related to or establishing a Tenant organization, including hosting a Tenant organizer at the Property.

- B. If the Tenant accesses common areas for tenant organization activities, the Landlord may not impose fees or rules that are not applicable to a Tenant who accesses a common area for activities that do not include tenant organization activities.
- C. Landlord will adhere to all policies and procedures applicable to the Property, including the enforcement of restrictions on actions or failures of Tenant that could trigger an eviction proceeding or other enforcement or collection efforts by Landlord, in a uniform and non-discriminatory manner.
- D. Landlord's obligations pursuant to this Section also specifically extend to prohibit the non-uniform or discriminatory treatment of Tenants who have lodged or issued complaints against Landlord.
- E. Landlord agrees that any waiver of a Tenant's right to participate in a class or collective action and any waiver of Tenant's right to a trial by jury in any lease or other contractual provision will have no effect.
- F. Retaliatory behavior, as defined by Chapter 92 of the Texas Property Code, exhibited by the Landlord is strictly prohibited and may result in the termination of this Agreement.

12. TENANT AS THIRD-PARTY BENEFICIARY

- A. Landlord acknowledge the Tenant's status as a third-party beneficiary of this Agreement, including all rights of Tenant to pursue the enforcement of this Agreement and/or introduce the same as a defense in any future litigation between Landlord and Tenant regarding rental, lease disputes, possession of the subject premises, or other litigation regarding the premise.

13. IMPLEMENTATION

- A. Landlord will adopt and commence implementation of the policies set forth in this Exhibit within ten (10) days of the execution of this Agreement and will abide in all material respects with the same throughout the Affordability Period. Harris County acknowledges that if Landlord is currently operating the Property as a going concern, it may take a period of time to integrate the policies set forth in this Exhibit into current management procedures; provided, however that Landlord agrees to use commercially reasonable efforts to promptly implement such policies. In no event shall Harris County consider Landlord in default of any requirement herein without first affording Landlord a thirty day (30) cure period following written notice of an alleged default to Landlord.

- B. This policy is effective as of October 11, 2022, as approved by Harris County Commissioners Court. Any affordable housing Property that receives funding thereafter from the Harris County Community Services Department (whether or not provided directly or indirectly) is subject to the provisions and terms outlined in Tenant Protection Addendum and Agreement.

14. APPLICATION

- A. The provisions of this Tenant Protection Addendum replace any conflicting provisions contained in the lease agreement. To the extent any conflict exists between the lease agreement and this Addendum, the provisions of this Addendum shall govern.
- B. This Addendum is deemed to have been made in compliance with all applicable Federal, State and local laws, and if any section or part is not lawful, only that section or part shall be void, and the balance of the Tenant Protection Addendum shall remain in full force and effect. This Addendum should not be construed to restrict Landlords who participate in federal housing assistance programs from abiding by program-specific requirements.
- C. Landlord agrees to abide by all Harris County rules and regulations, as subject to change. In the event that Harris County's rules are revised, County will provide Landlord with written notice at least sixty (60) days before the revision goes into effect.

[OWNER SIGNATURE BLOCK]

Date

Property Name: [PROJECT NAME]

LANDLORD: THIS DOCUMENT MUST BE ATTACHED TO EACH AND EVERY LEASE SIGNED DURING THE AFFORDABILITY PERIOD, INCLUDING LEASE RENEWALS.

EXHIBIT "F"

LIMITED PARTNERSHIP AGREEMENT TERMS

The following is a preliminary summary of provisions that Harris County Housing Finance Corporation ("HCHFC") will require in any Limited Partnership Agreement ("Limited Partnership Agreement") creating the Partnership (the "Partnership") which is to involve a HCHFC-affiliated entity. The following list is not intended to be exhaustive and is intended to supplement and not limit the terms of the Memorandum of Understanding ("MOU") entered into relating to the subject project(s) (the "Residential Development").

Representations

- The General Partner (the "General Partner") will make representations only as to its own existence and due authorization and execution of Partnership documents or such other items personal to and actually known by the General Partner. To the extent the Organizational Documents require the General Partner to give any representations not actually known by it, Developer Partner shall make such representations to the General Partner in the assignment of membership interests of the General Partner to the HCHFC and shall indemnify the General Partner and HCHFC for any breaches, costs, expenses or losses based upon such representations.
- The General Partner is not performing due diligence on the Residential Development. Therefore, any representations regarding the Residential Development must be provided by the Developer Partner.
- Any General Partner's representations are only as to its own knowledge. The knowledge of the General Partner may not be qualified by phrases such as "after due inquiry." The General Partner will make no inquiry.

Covenants

- The General Partner may covenant not to take affirmative actions, but the General Partner cannot covenant not to permit or allow others to take actions. The General Partner cannot covenant to maintain the property tax exemption, but the General Partner may agree to cooperate with the Developer Partner in making any required filings.
- Any covenants relating to the operation of the Partnership, or the construction or operation of the Residential Development should be made by the Developer Partner (including, but not limited to, qualification for tax credits).
- The General Partner will not covenant to maintain adequate capital.

Indemnities and Guaranties

- The General Partner and HCHFC shall be indemnified by the Partnership and by the Developer Partner for all losses, costs, damages, expenses and liability of any nature (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Residential Development, other than those caused directly and exclusively by the gross negligence or willful misconduct of the General Partner or HCHFC.
- The General Partner's indemnification shall not be conditioned on a court determination.
- The General Partner will not indemnify for actions or inactions of the Developer Partner. Any indemnification by the General Partner will be limited to losses caused directly and exclusively by the General Partner's own gross negligence or willful misconduct, and will be further limited as follows which shall be set forth in the Limited Partnership Agreement:

“Limitation of Liability of the General Partner and the Owner of the General Partner. The Partners acknowledge and agree that the General Partner has been adequately capitalized to fulfill its obligations under the documents governing the Partnership. The obligations and liabilities of the General Partner under this Agreement are solely the obligations and liabilities of the General Partner and not of the owner of the General Partner, which shall have no liability under this Agreement. The clawback of payments made to the General Partner prior to the time a liability of General Partner accrues shall be prohibited. The liability of General Partner under this Agreement shall be limited to the positive balance of its Capital Account, provided, however, that in all events, the full amount of the insurance policy maintained by Partnership on General Partner's behalf shall apply and be accessible and subrogated as necessary to cover the liability of General Partner, to the extent such liability is covered by the applicable policy.”

- Neither the General Partner nor HCHFC will provide completion guaranties, environmental guaranties, credit guaranties, or covenant to make up for cash flow short falls.
- The General Partner will not be required to make loans to the Partnership.
- If the Partnership is required to provide a guaranty, the guaranty should either be limited to the assets of the Partnership or should explicitly state that the guaranty is not intended to be recourse to the General Partner and/or HCHFC.

INSURANCE

- The Developer Partner will be responsible for obtaining any insurance required by the Limited Partnership Agreement or other Partnership documents and will name HCHFC, the General Partner and any contractor as additional insured parties where applicable.

- The Partnership or the Developer Partner shall obtain and maintain a liability insurance policy covering the Development with umbrella coverage covering HCHFC and the General Partner with a policy limit of \$5,000,000 and the Partnership shall pay the premium for the same each year.

Duties and Obligations for Administration of Partnership

- [The General Partner will become the general partner of the Partnership no later than 35 days after the date the Residential Development receives a reservation of volume cap from the Texas Bond Review Board.] HCHFC or its affiliate will only become the sole member of the General Partner at the closing of the transaction, therefore pre-closing items must be addressed by a Class B Limited Partner (the “Class B Partner”) or another affiliate of the Developer. Under no circumstances will HCHFC execute documents on behalf of the General Partner or the Partnership that are effective prior to HCHFC’s admission to the General Partner. Developer and Class B Partner shall indemnify the General Partner and HCHFC, as applicable, for any actions taken prior to the admission of the General Partner or HCHFC, as applicable, into the ownership structure, and such indemnification obligations shall be set forth in the assignment of ownership interest and any major agreement or similar agreement between Developer and HCHFC.
- The General Partner will approve changes to the Project budget and plans and specifications for the Project except for Minor Field Changes and change orders under \$200,000 per incident and \$600,000 cumulatively; otherwise, the General Partner will make a broad delegation to the Developer Partner with respect to the administration of the Partnership and the operation of the Residential Development which shall include, but not be limited to, the right of the Developer Partner to execute any documents related to construction draws, trust requisitions, and capital contributions.
- The Developer Partner will be responsible for ensuring any requirements for maintaining the ad valorem tax exemption are met. The General Partner will agree to provide reasonable cooperation at the direction of the Developer Partner with respect to the ad valorem tax exemption.
- All reports that are required shall be made by the Developer Partner, and any penalties imposed for late reports shall be imposed only on the Developer Partner.

Limitations on Transfers of Partnership Interests

- HCHFC will be granted the option and right of first refusal as agreed to in the Agreement of Limited Partnership. HCHFC will be granted a right of first refusal at the price described in Section 42(i)(7) of the Internal Revenue Code.
- The Developer Partner will not be granted an option or right of first refusal to acquire the Investor’s partnership interests or the Project.

- Under its right of first refusal, the General Partner shall be given the right to put the Project up for sale after the tax credit compliance period without the consent of any other partner, and upon receipt of a bona fide offer may exercise the right of first refusal without consent of any other partner.
- The Investor will have to obtain the consent of the General Partner to sell its interest in the Project except to a fund it controls. The Investor will be prohibited from selling its interest to Wentwood Property Management, Orix, SunAmerica, Hunt Capital Partners or Alden Torch Financial LLC or any affiliate, parent organization, parent of a parent organization or subsidiary of any of the foregoing or a fund that acquires any of the aforementioned entities, and any other entity with whom the [Issuer,] General Partner, Developer Partner, or an Affiliate of any of the foregoing has actively engaged in litigation regarding a tax credit transaction. Any assignee of the Investor partner interest must consent to the Tenant Protection Addendum remaining in place on the Project.
- The Developer Partner will have to obtain the consent of the General Partner to sell its interest. The Developer Partner will be prohibited from selling its interest to any entity with whom HCHFC, the Issuer or General Partner or an affiliate of any of the foregoing has actively engaged in litigation.

Taxes and Allocations

- Losses in excess of capital accounts are allocated to the Developer Partner rather than the General Partner.
- The Developer Partner will be responsible for the preparation, organization, and filing of the tax return and tax filings including the General Partner's, if any. The General Partner will cooperate with the Developer Partner to the extent its signature is required. Any fees relating to the preparation or filing of the tax return or other tax filings will be the sole responsibility of the Partnership.
- The General Partner will not have a deficit restoration obligation either annually or on liquidation.
- The Developer Partner will be the "Partnership representative" for the purposes of tax audits.
- If the Partnership has an adjustment on audit, the General Partner will pay its allocated share out of future distributions but will not put additional funds into the Partnership.

Removal

- Unless a removal is caused by its own gross negligence or willful misconduct, the General Partner will not be liable for the costs related to removal or replacement.

- Notwithstanding the removal or replacement of the General Partner for any reason, the Partnership will remain obligated to repay any loan(s) made to the Partnership or Project by the General Partner or HCHFC. Any indebtedness resulting from any such loan shall remain outstanding and subject to the terms of the documents evidencing such loans, notwithstanding the removal of the General Partner.
- The General Partner will not be liable for events after removal.

Miscellaneous

- HCHFC may require the entering of a master agreement between itself, the General Partner, the Developer and the special limited partner relating to the further division of duties and responsibilities.
- Developer Partner is responsible for communicating the terms of the Memorandum of Understanding and this Schedule to any proposed lenders or equity investors for the Project.
- The governing law, jurisdiction, and venue will be Harris County, Texas.